

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1265 Session of 2015

INTRODUCED BY WHITE, TARTAGLIONE, GREENLEAF, STEFANO, TOMLINSON, EICHELBERGER, WAGNER AND VOGEL, MAY 13, 2016

SENATOR WHITE, BANKING AND INSURANCE, AS AMENDED, MAY 18, 2016

AN ACT

1 Amending the act of December 19, 1975 (P.L.604, No.173),  
2 entitled "An act to facilitate the use of electronic funds  
3 transfer systems by providing that credits to accounts in  
4 financial institutions designated by recipients shall satisfy  
5 legal requirements for payments by cash or checks," further  
6 providing for electronic funds transfers; providing for  
7 definitions; further providing for consumer protections;  
8 providing for payroll card accounts and for coordination with  
9 Federal law; and making editorial changes.

10 The General Assembly of the Commonwealth of Pennsylvania  
11 hereby enacts as follows:

12 Section 1. Section 1 of the act of December 19, 1975  
13 (P.L.604, No.173), entitled "An act to facilitate the use of  
14 electronic funds transfer systems by providing that credits to  
15 accounts in financial institutions designated by recipients  
16 shall satisfy legal requirements for payments by cash or  
17 checks," is amended to read:

18 [Section 1. For the purposes of any statute, rule or  
19 regulation requiring any payment to be made in lawful money or  
20 by check, whether for wages, salaries, commissions or other  
21 claims of any kind, such payment may be made by credit to an

1 account in a bank, credit union or other financial institution  
2 authorized to accept deposits or payments designated by the  
3 recipient of such payment if the recipient has requested such  
4 method of payment in writing.]

5 Section 1. Definitions.

6 The following words and phrases when used in this act shall  
7 have the meanings given to them in this section unless the  
8 context clearly indicates otherwise:

9 "Financial institution." A bank, savings association or  
10 credit union.

11 "Payroll card account." An account that is directly or  
12 indirectly established through an employer, to which transfers  
13 of the employee's wages, salary or other compensation are made.

14 "Record." As defined in section 103 of the act of December  
15 16, 1999 (P.L.971, No.69), known as the Electronic Transactions  
16 Act.

17 Section 2. The act is amended by adding a section to read:  
18 Section 1.1. Electronic funds transfers.

19 For the purposes of any statute, rule or regulation requiring  
20 any payment to be made in lawful money or by check, whether for  
21 wages, salaries, commissions or other claims of any kind, <--  
22 COMPENSATION, IF THE RECIPIENT OF THE PAYMENT MAKES A REQUEST IN <--  
23 A RECORD, the payment may be made by credit to an account in a  
24 financial institution, including a payroll card account,  
25 authorized to accept deposits or payments by the recipient of <--  
26 the payment if the recipient has requested that method of  
27 payment in a record.

28 Section 3. Section 2 of the act is amended to read:

29 [Section 2. Every such request, as described in section 1,  
30 shall be effective provided that:

1 (i) the written agreement shall set forth all terms and  
2 conditions under which such transfers are to be made and the  
3 terms and conditions as to the method or methods to be used by  
4 which a wage-earner may withdraw such request and terminate the  
5 agreement; and

6 (ii) no funds transferred pursuant to a request as described  
7 in section 1, shall be transferred by any employer or other  
8 person to any account unless the party authorizing the transfer  
9 of such funds shall have received a separate written record of  
10 each such transfer at or prior to the time thereof.]

11 Section 2. Consumer protections.

12 When wages, salaries, commissions or other compensation are  
13 transferred to an account at a financial institution as  
14 described in section 1, the financial institution shall provide  
15 the employee with disclosures, notice of transfers, access to  
16 account information and other consumer protections in accordance  
17 with 12 CFR Part 1005 (relating to electronic fund transfers  
18 (Regulation E)).

19 Section 4. The act is amended by adding sections to read:

20 Section 2.1. Payroll card accounts.

21 The payment of wages, salaries or commissions through a  
22 transfer into a payroll card account shall be effective for  
23 purposes of section 1.1 if:

24 (1) the employee has been issued a payroll card in  
25 accordance with 12 CFR Part 1005 (relating to electronic fund  
26 transfers (Regulation E));

27 (2) the payroll card account is established at a  
28 federally insured financial institution; and

29 (3) the payroll card account provides the employee with  
30 the ability to make at least one withdrawal each pay period

1 without charge for any amount up to and including the full  
2 amount of the employee's net wages for that pay period,  
3 except that an employee paid more frequently than weekly must  
4 be provided the ability to make at least one withdrawal from  
5 the payroll card account each week without cost for any  
6 amount up to and including the full amount of the employee's  
7 net wages for that week.

8 Section 2.2. Coordination with Federal Law.

9 This act modifies, limits or supersedes the Electronic  
10 Signatures in Global and National Commerce Act (Public Law 106-  
11 229, 15 U.S.C. § 7001 et seq.). This act does not modify, limit  
12 or supersede section 101(c) of the Electronic Signatures in  
13 Global and National Commerce Act (Public Law 106-229, 15 U.S.C.  
14 § 7001(c)), if otherwise applicable, or authorize electronic  
15 delivery of any notices described in section 103(b) of the  
16 Electronic Signatures in Global and National Commerce Act  
17 (Public Law 106-229, 15 U.S.C. § 7003(b)).

18 Section 5. Sections 3 and 4 of the act are amended to read:

19 [Section 3. This act shall supersede any inconsistent  
20 provision of any other statute, rule or regulation.]

21 Section 3. Construction.

22 This act shall supersede any inconsistent provision of any  
23 other statute, rule or regulation.

24 [Section 4. This act shall take effect immediately.]

25 Section 4. Effective date.

26 This act shall take effect immediately.

27 Section 6. This act shall apply to payments made before, on  
28 or after the effective date of this act.

29 Section 7. This act shall take effect immediately.