



# House of Representatives

**File No. 730**

General Assembly

February Session, 2008

**(Reprint of File No. 32)**

House Bill No. 5114  
As Amended by House Amendment Schedule  
"A"

Approved by the Legislative Commissioner  
April 25, 2008

**AN ACT CONCERNING PAYMENT OF WAGES TO EMPLOYEES BY  
PAY CARD.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) As used in this  
2 section, (1) "pay card" means a card issued by an employer or its  
3 payroll service provider to its employee that is linked to a payroll card  
4 account and credited with the employee's wages at the close of a pay  
5 period; and (2) "pay card system" means an electronic pay  
6 arrangement where an employee's wages are credited on a recurring  
7 basis to a payroll card account directly or indirectly established by the  
8 employer on behalf the employee that is subject to withdrawal charges  
9 and fees and where withdrawals may be made using a pay card at  
10 automated teller machines or point of sale terminals.

11 (b) (1) Except as provided in subdivision (2) of this subsection, no  
12 employer shall require its employees to receive payment of wages  
13 through direct deposit or through a pay card system in lieu of a  
14 negotiable check.

15       (2) An employer may use a pay card system, if the employee can  
16 make at least one withdrawal per pay period from the payroll card  
17 account without incurring a fee for that withdrawal and the employee  
18 can choose another means of accessing funds that involves no  
19 additional cost to the employee for such access. Such employer shall  
20 not be responsible for any other account penalties or charges incurred  
21 by an employee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	New section

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill requires employers who use a pay card system to reimburse employees for automated teller withdrawal fees from the pay card system account and has no fiscal impact.

House "A" makes technical changes and has no fiscal impact.

**OLR Bill Analysis****HB 5114 (as amended by House "A")\******AN ACT CONCERNING PAYMENT OF WAGES TO EMPLOYEES BY PAY CARD.*****SUMMARY:**

This bill permits employers to pay their employees using a pay card system if the employee is given (1) at least one withdrawal per pay period with no fee and (2) the choice of another means of accessing funds that involve no additional cost to the employee.

Employers meeting the bill's requirements are not responsible for other account penalties or charges the employee incurs.

Some employers use a pay card instead of a check or a direct deposit system for employees who do not have checking accounts.

The bill defines "pay card" as a card issued by an employer or its payroll service provider to an employee that is linked to a payroll card account and credited with the employee's wages at the close of a pay period. A "pay card system" is an electronic pay arrangement in which an employee's wages are credited on a recurring basis to a payroll card account, established by the employer on behalf of the employee, that is subject to withdrawal charges and fees and where withdrawals may be made using a pay card at automatic teller machines (ATMs) or point of sale terminals.

The bill prohibits an employer from requiring an employee to receive wages through direct deposit or a pay card system in lieu of a negotiable check unless the employer meets the pay card criteria of the bill.

\*House Amendment "A" (1) permits an employer to use a pay card system if it gives the employee (a) at least one withdrawal per pay period with no fee and (b) the choice of another means of accessing fund that involves no additional cost to the employee; (2) removes the requirement that the employer reimburse the employer for ATM withdrawal fees; (3) permits pay card use at point of sale terminals; (4) removes references to "debit cards"; and (5) makes clarifying changes.

EFFECTIVE DATE: October 1, 2008

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 11 Nay 0 (03/04/2008)