



General Assembly

Substitute Bill No. 6407

January Session, 2011

* HB06407LAB 031511 *

AN ACT ALLOWING EMPLOYERS TO PAY WAGES USING PAYROLL CARDS.

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

1 Section 1. Section 31-71b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) As used in this section:

4 (1) "Direct deposit" means the payment of an employee's wages by
5 credit to such employee's account in any bank which has agreed with
6 the employer to accept such wage accounts;

7 (2) "Payroll card" means a stored value card or other device used by
8 an employee to access wages from a payroll card account; and

9 (3) "Payroll card account" means an account that is directly or
10 indirectly established through an employer and to which transfers of
11 the employee's wages, salary or other compensation are made.

12 [(a)] (b) Each employer, by himself, his agent or representative, shall
13 pay weekly all [moneys] wages, salary or other compensation due each
14 employee on a regular pay day, designated in advance by the
15 employer [, in] using one or more of the following methods: (1) In cash,
16 (2) by negotiable checks, or [, upon an employee's written request, by
17 credit to such employee's account in any bank which has agreed with

18 the employer to accept such wage deposits] (3) by direct deposit or on
19 a payroll card, provided the requirements of subsection (e) of this
20 section are satisfied.

21 [(b)] (c) The end of the pay period for which payment is made on a
22 regular pay day shall be not more than eight days before such regular
23 pay day, provided, if such regular pay day falls on a nonwork day,
24 payment shall be made on the preceding work day.

25 [(c)] (d) This section shall not be construed to prohibit a local or
26 regional board of education and a recognized or certified exclusive
27 bargaining representative of its certified or noncertified employees
28 from including within their collective bargaining agreement a schedule
29 for the payment of wages to certified employees or noncertified
30 employees that differs from the requirements of subsections [(a)] (b)
31 and [(b)] (c) of this section.

32 (e) An employer may require direct deposit of an employee's wages,
33 salary or other compensation or the use of payroll cards to deliver
34 wages, salary or other compensation to employees provided:

35 (1) An employee hired before October 1, 2011, consents, in writing
36 or electronically, to the direct deposit of such employee's wages, salary
37 or other compensation or the payment of wages, salary or other
38 compensation using a payroll card.

39 (2) An employee hired on or after October 1, 2011:

40 (A) Is given a form that, in clear and conspicuous language, allows
41 the employee the option of receiving wages by direct deposit to his or
42 her personal account at a financial institution or through a payroll
43 card; and

44 (B) Is notified, in clear and conspicuous language, on the form
45 provided pursuant to subparagraph (A) of this subdivision, that failure
46 to return the form to the employer in time to process the employee's
47 initial wage payment with the information necessary to implement

48 direct deposit will be considered consent to receiving wages through a
49 payroll card.

50 (3) An employee shall be allowed to make at least two withdrawals
51 or transfers each week without charge for any amount up to and
52 including the full amount of the employee's wages, except that an
53 employee who is paid more frequently than weekly shall be allowed to
54 make at least one withdrawal or transfer each week without charge for
55 any amount up to and including the full amount of the employee's
56 wages for that week.

57 (4) None of the costs associated with paying wages using a payroll
58 card or establishing the payroll card account shall be deducted from or
59 charged against the wages, salary or other compensation delivered to
60 the employee by the employer or the card issuer during the employee's
61 employment with the employer and for sixty days after the
62 termination of such employment with the employer, including, but not
63 limited to, fees for the following: (A) Loading wages onto the payroll
64 card, (B) maintaining the payroll card account, (C) issuing the initial
65 payroll card to the employee, (D) issuing one free replacement card
66 upon request to the employee per calendar year, (E) closing the payroll
67 card account, (F) inactivity, (G) low balance or declined transactions, or
68 (H) other similar fees for the maintenance or use of the account.

69 (5) If the payroll card bears an expiration date: (A) The funds on the
70 card shall not expire, and (B) during the employee's employment with
71 the employer and for sixty days after the termination of such
72 employment with the employer, the employee shall be provided with a
73 replacement card, free of charge, prior to the expiration date.

74 (6) An employee shall be provided a means of checking his or her
75 account balances through an automated telephone system and
76 electronically without cost to the employee.

77 (7) Upon obtaining consent from the employee under subdivision
78 (1) of this subsection, or for an employee hired on or after October 1,

79 2011, but prior to an employer requiring the use of payroll cards to
80 deliver wages, salary or other compensation to employees upon the
81 institution of such requirement and thereafter upon hire, an employer
82 shall provide the employee with clear and conspicuous notice, in
83 writing, and in the language the employer normally uses to
84 communicate employment-related polices to his or her employees, of
85 the following items:

86 (A) The terms and conditions relating to the use of the payroll card,
87 including a list of fees that may be assessed by the card issuer;

88 (B) The methods available to employees for accessing their full
89 wages in lawful money of the United States without any fee to the
90 employee;

91 (C) The methods available to employees for checking their balances
92 in the payroll card account without cost; and

93 (D) A statement as to whether third parties may assess additional
94 fees.

95 (8) Neither the payroll card nor the payroll card account shall be
96 linked to any form of credit and, to the extent technologically feasible,
97 the payroll card account shall not allow for overdrafts. No overdraft
98 fee or interest on an overdraft may be imposed upon the employee.

99 (9) The employer shall furnish the employee with a statement of
100 deductions made from his or her wages for each pay period such
101 deductions were made in accordance with section 31-13a, as amended
102 by this act.

103 (10) The employee shall be permitted, on timely notice to the
104 employer and without cost, fear or reprisal, discrimination or other
105 penalty, to receive his or her wages, salary or other compensation by
106 direct deposit into a personal account at a financial institution. The
107 employer shall begin payment by direct deposit not later than fourteen
108 days after receiving both the employee's request and the account

109 information necessary to make the deposit.

110 (11) The employee shall be provided with an annual notice of the
111 terms and conditions relating to the use of the payroll card. Such notice
112 requirement may be satisfied by: (A) Electronic notice to the employee
113 at the electronic mail address to which the employee regularly
114 communicates other information related to the employee's
115 employment, (B) mailing the notice to an employee at his or her last-
116 known mailing address, (C) distributing the notice at work, or (D)
117 through other means used by the employer to distribute work-related
118 information and notices individually to employees.

119 (12) The employee shall be provided with at least thirty days'
120 advance notice of any changes to the terms and conditions of the
121 payroll card or payroll card account.

122 (13) The employee shall have access to a history of his or her payroll
123 account transactions that covers at least the sixty days prior to the date
124 the employee accesses such history. The employer shall provide
125 employees with either (A) a confidential means of accessing such
126 information electronically, along with the ability to print the
127 transaction history without cost, or (B) a means for the employee to
128 receive a written transaction history once a month from the card issuer
129 without cost. Any employee who requests a written transaction history
130 once a month from a card issuer shall only be required to make a
131 single request and need not repeat such request each month.

132 (14) Wages paid to an employee using a payroll card shall be a
133 deposit that is insured by the Federal Deposit Insurance Corporation
134 or the National Credit Union Administration on a pass-through basis
135 to the employee.

136 (15) A payroll card account that is used exclusively to receive
137 employee wages, salary or other compensation shall be exempt from
138 execution under section 52-367b in accordance with subsection (f) of
139 section 52-361a.

140 [(d)] (f) Nothing in this section shall be construed to apply to
141 employees swapping workdays or shifts as permitted under a
142 collective bargaining agreement.

143 (g) Nothing in this section shall be construed to preempt or override
144 the terms of any collective bargaining agreement effective prior to
145 October 1, 2011, with respect to methods of an employer's payment of
146 wages, salary or other compensation due to employees.

147 (h) Nothing in this section shall be construed to restrict the fees that
148 a payroll card issuer may charge the employer pursuant to a payroll
149 card agreement between the payroll card issuer and the employer,
150 provided those fees are not charged to or passed onto any employee.

151 Sec. 2. Section 31-13a of the general statutes is repealed and the
152 following is substituted in lieu thereof (*Effective October 1, 2011*):

153 (a) With each wage payment each employer shall furnish to each
154 employee, in writing or electronically, a record of hours worked, the
155 gross earnings showing straight time and overtime as separate entries,
156 itemized deductions and net earnings, except that the furnishing of a
157 record of hours worked and the separation of straight time and
158 overtime earnings shall not apply in the case of any employee with
159 respect to whom the employer is specifically exempt from the keeping
160 of time records and the payment of overtime under the Connecticut
161 Minimum Wage Act or the Fair Labor Standards Act.

162 (b) If the record of hours is furnished electronically pursuant to
163 subsection (a) of this section, the employer must provide a means for
164 each employee to access the information and print it without cost to
165 the employee. Any information contained in the record furnished
166 electronically pursuant to subsection (a) of this section shall
167 incorporate safeguards to ensure the confidentiality of an employee's
168 personal information.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2011</i>	31-71b
Sec. 2	<i>October 1, 2011</i>	31-13a

LAB *Joint Favorable Subst.*