



General Assembly

February Session, 2012

Raised Bill No. 155

LCO No. 496

00496_____LAB

Referred to Committee on Labor and Public Employees

Introduced by:
(LAB)

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. (NEW) (*Effective October 1, 2012*) (a) As used in this
2 section:

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

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, but does not
9 mean a gift certificate, as defined in section 3-56a of the general
10 statutes; and

11 (3) "Payroll card account" means an account that is directly or
12 indirectly established through an employer and to which transfers of
13 the employee's wages, salary or other compensation are made and
14 accessed through the use of a payroll card.

15 (b) An employer may require direct deposit of an employee's wages,

16 salary or other compensation or the use of a payroll card account to
17 deliver wages, salary or other compensation to employees, provided:

18 (1) An employee hired before October 1, 2012, consents, in writing
19 or electronically, to the direct deposit of such employee's wages, salary
20 or other compensation or the payment of wages, salary or other
21 compensation using a payroll card account.

22 (2) An employee hired on or after October 1, 2012:

23 (A) Is given a form that, in clear and conspicuous language, allows
24 the employee the option of receiving wages, salary or other
25 compensation by direct deposit to his or her personal account at a
26 financial institution or to a payroll card account; and

27 (B) Is notified, in clear and conspicuous language, that failure to
28 return the form provided pursuant to subparagraph (A) of this
29 subdivision, to the employer in time to process the employee's initial
30 wage, salary or other compensation payment with the information
31 necessary to implement direct deposit will be considered consent to
32 receiving wages, salary or other compensation through a payroll card
33 account.

34 (c) An employee shall be allowed to make at least one withdrawal
35 or transfer each pay period without charge for any amount deposited
36 to the payroll card account by the employer up to and including the
37 full amount of the employee's wages, salary or other compensation for
38 that pay period.

39 (d) None of the employer's costs associated with paying wages,
40 salary or other compensation using a payroll card or establishing the
41 payroll card account shall be deducted from or charged against the
42 wages, salary or other compensation delivered to the employee.

43 (1) Neither the employer nor the card issuer shall charge the
44 employee fees for (A) issuing a payroll card, (B) transferring wages,
45 salary or other compensation onto the payroll card, (C) providing one

46 replacement card per year, if needed, during the employee's
47 employment with the employer and for sixty days after the
48 termination of such employment with the employer, or (D) any
49 inactivity or dormancy of the payroll card account.

50 (2) A payroll card may bear an expiration date, provided (A) the
51 funds on the card do not expire, and (B) prior to the expiration date,
52 the employee is provided with a replacement card, without charge,
53 during the employee's employment with the employer and for sixty
54 days after the termination of such employment with the employer.

55 (e) The payroll card account may escheat pursuant to section 3-57a
56 of the general statutes.

57 (f) An employer shall provide the employee a means of checking his
58 or her account balances in the payroll account through an automated
59 telephone system and electronically without cost to the employee.

60 (g) Prior to obtaining consent from the employee under subdivision
61 (1) of subsection (b) of this section, or, for an employee hired on or
62 after October 1, 2012, prior to an employer requiring the use of payroll
63 card accounts to deliver wages, salary or other compensation to the
64 employee, the employer shall provide the employee with clear and
65 conspicuous notice, in writing, and in the language the employer
66 normally uses to communicate employment-related policies to his or
67 her employees, of the following items:

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

70 (2) The methods available to the employee for accessing his or her
71 full wages, salaries or other compensation in lawful money of the
72 United States of America without any transaction fee to the employee
73 for such access;

74 (3) The methods available to the employee for checking his or her
75 balances in the payroll card account without cost;

76 (4) A statement as to whether third parties may assess additional
77 fees; and

78 (5) The means, other than a payroll card account, by which an
79 employee is entitled to receive payment of wages, salary or other
80 compensation.

81 (h) Neither the payroll card nor the payroll card account shall be
82 linked to any form of credit. No fees or interest may be imposed upon
83 the employee for an overdraft or a declined transaction.

84 (i) The employer shall furnish the employee with a statement of
85 deductions made from his or her wages, salary or other compensation
86 for each pay period in accordance with section 31-13a of the general
87 statutes, as amended by this act.

88 (j) Each employee with a payroll card account shall be permitted, on
89 timely notice to the employer and without cost, fear of reprisal,
90 discrimination or other penalty, to receive his or her wages, salary or
91 other compensation by direct deposit into a personal account at a
92 financial institution. The employer shall begin payment by direct
93 deposit not later than fourteen days after receiving both the
94 employee's request and the account information necessary to make the
95 deposit.

96 (k) Each employee with a payroll card shall be provided with access
97 to the terms and conditions relating to the use of the payroll card,
98 including the current schedule of fees. This requirement may be
99 satisfied by (1) posting such terms and conditions clearly and
100 conspicuously on a web site accessible to the employee at any time,
101 and, in addition to such posting (2) providing, upon the employee's
102 request, (A) electronic notice to the employee to the address at which
103 the employer regularly communicates other types of employment
104 information to the employee, (B) mailing notice to the employee at his
105 or her last-known mailing address, (C) distributing the notice directly
106 to the employee in the employer's place of business, or (D) through

107 other means used by the employer to distribute employment-related
108 information and notices individually to employees.

109 (l) Each employee with a payroll card shall be provided written
110 notice of any change in a term or condition required to be disclosed, at
111 least twenty-one days before the effective date of such change, if such
112 change would result in: (1) Increased fees for the employee, (2)
113 increased liability for the employee, (3) fewer types of available
114 electronic fund transfers, or (4) any stricter limitation on the frequency
115 or dollar amount of transfers, except that such notice is not required if
116 an immediate change in terms or conditions is necessary to maintain or
117 restore the security of the payroll card, the payroll card account or an
118 electronic fund transfer system. If such change is made permanent and
119 disclosure would not jeopardize the security of such card, account or
120 system, the employee shall be notified, in writing or electronically,
121 within thirty days after making the change permanent.

122 (m) Each employee with a payroll card shall have access to a history
123 of his or her payroll account transactions that covers at least the sixty
124 days prior to the date the employee accesses such history. The
125 employer shall provide each employee with either (1) a confidential
126 means of accessing such information electronically, along with the
127 ability to print the transaction history without cost, or (2) a means for
128 the employee to receive a written transaction history once a month
129 from the card issuer without cost.

130 (n) Wages, salary or other compensation paid to an employee using
131 a payroll card shall be maintained in an account that is insured by the
132 Federal Deposit Insurance Corporation or the National Credit Union
133 Administration on a pass-through basis to the employee.

134 (o) A payroll card account that is used to receive only employee
135 wages, salary or other compensation shall be exempt from execution
136 under section 52-367b of the general statutes in accordance with
137 subsection (f) of section 52-361a of the general statutes.

138 (p) All notices required by this section shall be clear and
139 conspicuous.

140 (q) Nothing in this section shall be construed to preempt or override
141 the terms of any collective bargaining agreement with respect to
142 methods of an employer's payment of wages, salary or other
143 compensation due to employees.

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

148 (s) The Labor Commissioner may adopt regulations, in accordance
149 with the provisions of chapter 54 of the general statutes, to ensure
150 compliance with this section.

151 Sec. 2. Subsection (a) of section 31-71b of the 2012 supplement to the
152 general statutes is repealed and the following is substituted in lieu
153 thereof (*Effective October 1, 2012*):

154 (a) (1) Except as provided in subdivision (2) of this subsection, each
155 employer, or the agent or representative of an employer, shall pay
156 weekly all [moneys] wages, salary or other compensation due each
157 employee on a regular pay day, designated in advance by the
158 employer [, in] using one or more of the following methods: (1) In cash,
159 (2) by negotiable checks, or [, upon an employee's written request, by
160 credit to such employee's account in any bank that has agreed with the
161 employer to accept such wage deposits] (3) by direct deposit or on a
162 payroll card, provided the requirements of section 1 of this act are
163 satisfied.

164 (2) Unless otherwise requested by the recipient, the Comptroller
165 shall, as soon as is practicable, pay all wages due each state employee,
166 as defined in section 5-196, by electronic direct deposit to such
167 employee's account in any bank, Connecticut credit union or federal

168 credit union that has agreed with the Comptroller to accept such wage
 169 deposits.

170 Sec. 3. Section 31-13a of the general statutes is repealed and the
 171 following is substituted in lieu thereof (*Effective October 1, 2012*):

172 (a) With each wage payment each employer shall furnish to each
 173 employee, in writing or electronically, a record of hours worked, the
 174 gross earnings showing straight time and overtime as separate entries,
 175 itemized deductions and net earnings, except that the furnishing of a
 176 record of hours worked and the separation of straight time and
 177 overtime earnings shall not apply in the case of any employee with
 178 respect to whom the employer is specifically exempt from the keeping
 179 of time records and the payment of overtime under the Connecticut
 180 Minimum Wage Act or the Fair Labor Standards Act.

181 (b) If the record of hours is furnished electronically pursuant to
 182 subsection (a) of this section, the employer shall provide a means for
 183 each employee to access and print the information without cost to the
 184 employee. Any information contained in the record furnished
 185 electronically pursuant to subsection (a) of this section shall
 186 incorporate safeguards to ensure the confidentiality of an employee's
 187 personal information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	New section
Sec. 2	<i>October 1, 2012</i>	31-71b(a)
Sec. 3	<i>October 1, 2012</i>	31-13a

Statement of Purpose:

To allow employers to pay employee wages using payroll cards.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]