



General Assembly

January Session, 2015

Raised Bill No. 908

LCO No. 3451



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, 2015*) (a) As used in this
2 section:

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

8 (2) "Payroll card" means a stored value card or other device used by
9 an employee to access wages from a payroll card account. Payroll card
10 does not mean a gift certificate, as defined in section 3-56a of the
11 general statutes; and

12 (3) "Payroll card account" means an account in any bank,
13 Connecticut credit union or federal credit union that is directly or

14 indirectly established through an employer to which transfers of the
15 employee's wages, salary or other compensation are made and
16 accessed through the use of a payroll card.

17 (b) An employer may offer the use of payroll cards to deliver wages,
18 salary or other compensation to employees, provided each employee is
19 given a form that notifies the employee, in clear and conspicuous
20 language, that:

21 (1) The employee has the option of receiving wages, salary or other
22 compensation through any means allowed pursuant to section 31-71b
23 of the general statutes, as amended by this act; and

24 (2) Failure to notify the employer of the employee's option of
25 receiving such wages, salary or compensation within two weeks of
26 receiving the form will be considered consent to receiving wages,
27 salary or other compensation through a payroll card.

28 (c) Each employee with a payroll card shall be allowed to make at
29 least one withdrawal or transfer each pay period without charge for
30 any amount up to and including the full amount of the employee's
31 wages, salary or compensation for that pay period.

32 (d) (1) Neither the employer nor the payroll card issuer shall deduct
33 a fee from the wages, salary or other compensation on an employee's
34 payroll card or in an employee's payroll card account for: (A) Issuing a
35 payroll card; (B) transferring wages, salary or other compensation onto
36 the payroll card; (C) maintaining a payroll card account; (D) providing
37 one replacement card per calendar year upon the employee's request;
38 (E) closing the payroll card account; (F) low balance or declined
39 transactions; (G) inactivity or dormancy of the payroll card account; or
40 (H) other similar costs for the maintenance or use of a payroll card
41 account, during the employee's period of employment with the
42 employer and for sixty days after the employee's employment with the
43 employer has been terminated by either party.

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

49 (e) Each employer shall provide the employee a means of checking
50 his or her account balance through an automated telephone system
51 and electronically without cost to the employee.

52 (f) Each employer using payroll cards to deliver wages, salary or
53 other compensation to an employee, shall provide such employee with
54 clear and conspicuous notice, in writing, and in the language the
55 employer normally uses to communicate employment-related policies
56 to his or her employees, of the following items:

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

59 (2) The methods available to employees for accessing their full
60 wages, salaries or other compensation in lawful money of the United
61 States without any transaction fee to the employee for such access;

62 (3) The methods available to employees for checking their balances
63 in the payroll card account without cost; and

64 (4) A statement as to whether third parties may assess additional
65 fees.

66 (g) Neither the payroll card nor the payroll card account shall be
67 linked to any form of credit and, to the extent technologically feasible,
68 the payroll card account shall not allow for overdrafts. No fees or
69 interest may be imposed upon the employee for an overdraft or a
70 declined transaction.

71 (h) The employer shall furnish the employee with a statement of
72 deductions made from his or her wages, salary or other compensation

73 for each pay period in accordance with section 31-13a of the general
74 statutes, as amended by this act.

75 (i) Each employee with a payroll card shall be permitted, on timely
76 notice to the employer and without cost or fear of reprisal or
77 discrimination or the assessment of any penalty, to receive his or her
78 wages, salary or other compensation by direct deposit into a personal
79 account at any bank, Connecticut credit union or federal credit union
80 that has agreed with the employer to accept such deposits. The
81 employer shall begin payment by direct deposit not later than fourteen
82 days after receiving both the employee's request and the account
83 information necessary to make the deposit.

84 (j) Each employee with a payroll card shall be provided with annual
85 notice of the terms and conditions relating to the use of the payroll
86 card, including the current schedule of fees. This requirement may be
87 satisfied by (1) electronic notice to the address at which the employer
88 regularly communicates other types of employment information to the
89 employee, (2) mailing notice to the employee at his or her last-known
90 mailing address, (3) distributing the notice directly to the employee in
91 the employer's place of business, or (4) through other means used by
92 the employer to distribute employment-related information and
93 notices individually to employees.

94 (k) Each employer shall provide written notice to each employee
95 holding a payroll card of any change in a term or condition of such
96 payroll card not later than thirty days prior to the effective date of such
97 change.

98 (l) Each employee with a payroll card shall have access to a history
99 of his or her payroll card account transactions spanning a period of not
100 less than sixty days prior to the date the employee accesses such
101 history. The employer shall provide employees with either (1) a
102 confidential means of accessing such information electronically, along
103 with the ability to print the transaction history without cost, or (2) a

104 means for the employee to receive a written transaction history once a
105 month from the card issuer without cost.

106 (m) Wages, salary or other compensation paid to an employee using
107 a payroll card shall be deposited in a payroll card account that is
108 insured by the Federal Deposit Insurance Corporation or the National
109 Credit Union Administration.

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

114 (o) Nothing in this section shall be construed to restrict the fees that
115 a payroll card issuer may charge the employer pursuant to a payroll
116 card agreement between the payroll card issuer and the employer,
117 provided those fees are not charged to or passed onto any employee.

118 Sec. 2. Subsection (a) of section 31-71b of the general statutes is
119 repealed and the following is substituted in lieu thereof (*Effective*
120 *October 1, 2015*):

121 (a) (1) Except as provided in subdivision (2) of this subsection, each
122 employer, or the agent or representative of an employer, shall pay
123 weekly all [moneys] wages, salary or other compensation due each
124 employee on a regular pay day, designated in advance by the
125 employer [, in] using one or more of the following methods: (A) cash,
126 (B) by negotiable checks, [or, upon an employee's written request, by
127 credit to such employee's account in any bank that has agreed with the
128 employer to accept such wage deposits] (C) by direct deposit, or (D) by
129 payroll card, provided the requirements of section 1 of this act are
130 satisfied.

131 (2) Unless otherwise requested by the recipient, the Comptroller
132 shall, as soon as is practicable, pay all wages due each state employee,
133 as defined in section 5-196, by electronic direct deposit to such

134 employee's account in any bank, Connecticut credit union or federal
135 credit union that has agreed with the Comptroller to accept such wage
136 deposits.

137 Sec. 3. Section 31-13a of the general statutes is repealed and the
138 following is substituted in lieu thereof (*Effective October 1, 2015*):

139 (a) With each wage payment each employer shall furnish to each
140 employee, in writing or electronically, a record of hours worked, the
141 gross earnings showing straight time and overtime as separate entries,
142 itemized deductions and net earnings, except that the furnishing of a
143 record of hours worked and the separation of straight time and
144 overtime earnings shall not apply in the case of any employee with
145 respect to whom the employer is specifically exempt from the keeping
146 of time records and the payment of overtime under the Connecticut
147 Minimum Wage Act or the Fair Labor Standards Act.

148 (b) If the record of hours is furnished electronically pursuant to
149 subsection (a) of this section, the employer shall provide a means for
150 each employee to securely, privately and conveniently access and print
151 such record. Any information contained in the record furnished
152 electronically pursuant to subsection (a) of this section shall
153 incorporate safeguards to ensure the confidentiality of an employee's
154 personal information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	New section
Sec. 2	<i>October 1, 2015</i>	31-71b(a)
Sec. 3	<i>October 1, 2015</i>	31-13a

Statement of Purpose:

To allow employers to pay employee wages using payroll cards, and to allow certain wage and hour information provided by an employer to employees be delivered electronically provided certain conditions are met.

[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.]