



General Assembly

February Session, 2016

Raised Bill No. 211

LCO No. 1476



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, 2016*) (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 that is deposited into such
5 employee's account in any bank, Connecticut credit union or federal
6 credit union that has agreed with the employer to accept such wages,
7 salary or 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 and that is
10 redeemable at the employee's election at multiple unaffiliated
11 merchants or service providers, bank branches or automated teller
12 machines. Payroll card does not mean a gift certificate, as defined in
13 section 3-56a of the general statutes; and

14 (3) "Payroll card account" means an account in any bank,
15 Connecticut credit union or federal credit union that is directly or
16 indirectly established through an employer to which transfers of the
17 employee's wages, salary or other compensation are made and
18 accessed through the use of a payroll card and that is subject to the
19 requirements of Regulation E, 12 CFR Part 1005, as from time to time
20 amended.

21 (b) An employer may offer the use of payroll cards to deliver wages,
22 salary or other compensation to employees, provided:

23 (1) Each employee has the option of receiving wages, salary or other
24 compensation by direct deposit and by negotiable check; and

25 (2) The employee voluntarily and expressly authorizes, in writing or
26 electronically, the payment of wages, salary or other compensation by
27 means of a payroll card account without any intimidation, coercion or
28 fear of discharge or reprisal from the employer for the employee's
29 refusal to accept such payment of wages, salary or other compensation
30 by means of a payroll card account. No employer shall make the
31 payment of wages, salary or other compensation by means of a payroll
32 card account a condition of employment or a condition for the receipt
33 of any benefit or other form of remuneration for any employee.

34 (c) Prior to an employee electing to receive wages, salary or other
35 compensation by means of a payroll card account, each employer
36 using payroll card accounts to deliver wages, salary or other
37 compensation to an employee, shall provide such employee with clear
38 and conspicuous notice, in writing, and in the language the employer
39 normally uses to communicate employment-related policies to his or
40 her employees, of the following:

41 (1) That payment of wages, salary or other compensation by means
42 of a payroll card account is voluntary and the employee may instead
43 choose to receive wages, salary or other compensation by either direct
44 deposit or by negotiable check;

45 (2) The terms and conditions relating to the use of the payroll card,
46 including an itemized list of fees that may be assessed by the card
47 issuer and their amounts;

48 (3) The methods available to employees for (A) accessing their full
49 wages, salaries or other compensation in lawful money of the United
50 States without any transaction fee assessed to the employee for such
51 access, and (B) avoiding or minimizing fees for use of the payroll card,
52 including, but not limited to, clear and conspicuous notice describing
53 how an employee may access their full wages, salaries or other
54 compensation at a federally insured depository institution, automatic
55 teller machine or other convenient location;

56 (4) The methods available to employees for checking their balances
57 in the payroll card account without cost; and

58 (5) A statement indicating that third parties may assess additional
59 fees.

60 (d) Each pay period, but not more frequently than each week, an
61 employee with a payroll card shall be allowed to make at least three
62 withdrawals from the payroll card account at no cost to the employee,
63 one of which permits withdrawal of the full amount of the employee's
64 net wages, salary or other compensation for the pay period at a
65 federally insured depository institution, automatic teller machine or
66 other convenient location.

67 (e) None of the employer's costs associated with paying wages,
68 salary or other compensation using a payroll card or establishing the
69 payroll card account shall be deducted from or charged against the
70 wages, salary or other compensation delivered to the employee.

71 (f) (1) Neither the employer nor the payroll card issuer shall assess a
72 fee to the employee for any of the following, regardless of how such
73 fee is labeled: (A) Issuing the initial payroll card; (B) transferring
74 wages, salary or other compensation from the employer to the payroll

75 card account; (C) maintaining a payroll card account; (D) providing
76 one replacement card per calendar year upon the employee's request;
77 (E) closing the payroll card account; (F) maintaining a low balance; (G)
78 inactivity or dormancy of the payroll card account for the first twelve
79 months of inactivity or dormancy; or (H) point of sale transactions.

80 (2) A payroll card may bear an expiration date, provided (A) the
81 funds in the payroll card account do not expire; and (B) prior to the
82 expiration date, the employee is provided with a replacement card,
83 without charge, during the period when wages, salaries or other
84 compensation are applied to the payroll card account by the employer
85 and, upon termination of employment, for sixty days after the final
86 transfer of wages, salary or other compensation is applied to the
87 payroll card account by the employer.

88 (3) The payroll card account may escheat to the state pursuant to the
89 provisions of section 3-57a of the general statutes.

90 (g) Each employer shall provide the employee a means of checking
91 his or her payroll card account balance through an automated
92 telephone system, automated teller machine or electronically without
93 cost to the employee twenty-four hours per day and seven days per
94 week.

95 (h) 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 fees or
98 interest may be imposed upon the employee for an overdraft or the
99 first two declined transactions of each month.

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

104 (j) Each employee with a payroll card shall be permitted, on timely

105 notice to the employer and without cost or fear of reprisal or
106 discrimination or the assessment of any penalty, to receive his or her
107 wages, salary or other compensation by direct deposit into a personal
108 account at any bank, Connecticut credit union or federal credit union
109 that has agreed to accept such deposits or by negotiable check. The
110 employer shall begin payment by direct deposit not later than fourteen
111 days after receiving both the employee's request and the account
112 information necessary to make the deposit, or by check not later than
113 fourteen days after receiving the employee's request.

114 (k) Consumer protections, including transaction histories and
115 advanced notice of changes in terms and conditions, shall be provided
116 to each employee with a payroll card in accordance with Regulation E,
117 12 CFR Part 1005, as from time to time amended. Notwithstanding the
118 foregoing, employees shall be provided the option to receive, on a
119 monthly basis, automatic written transaction histories at no cost to the
120 employee for a term of at least twelve months or until such option is
121 cancelled by the employee. Renewal of the option to receive written
122 transaction histories at no cost to the employee may be required by the
123 employer upon expiration of the initial twelve-month term, and each
124 twelve-month term thereafter.

125 (l) The payroll card shall be associated with an automated teller
126 machine network that assures the availability of a substantial number
127 of in-network automated teller machines in the state.

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

132 (n) A payroll card account that is used to receive only employee
133 wages, salary or other compensation shall be exempt from execution or
134 attachment (1) by creditors of the employer, and (2) under section 52-
135 367b of the general statutes.

136 (o) All notices required by the provisions of this section shall be
137 clear and conspicuous.

138 (p) Nothing in this section shall be construed to preempt or override
139 the terms of any collective bargaining agreement with respect to the
140 methods by which an employer provides payment of wages, salary or
141 other compensation to employees.

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

146 (r) The employer's obligations to the employee pursuant to the
147 provisions of this section shall cease sixty days after the employer-
148 employee relationship has ended.

149 (s) The Labor Commissioner, within available appropriations, may
150 conduct a study of payroll card usage and the actual incidence of
151 associated fees. Not later than October 1, 2018, the commissioner shall
152 determine whether such a study shall be conducted, and shall report
153 such determination, or the status or results of such study if such study
154 has been initiated or conducted, in accordance with the provisions of
155 section 11-4a of the general statutes to the joint standing committee of
156 the General Assembly having cognizance of matters relating to labor.

157 (t) The Labor Commissioner may adopt regulations, in accordance
158 with the provisions of chapter 54 of the general statutes, to ensure
159 compliance with this section.

160 Sec. 2. Subsection (a) of section 31-71b of the general statutes is
161 repealed and the following is substituted in lieu thereof (*Effective*
162 *October 1, 2016*):

163 (a) (1) Except as provided in subdivision (2) of this subsection, each
164 employer, or the agent or representative of an employer, shall pay

165 weekly all [moneys] wages, salary or other compensation due each
166 employee on a regular pay day, designated in advance by the
167 employer [, in cash,] using one or more of the following methods: (A)
168 Cash; (B) by negotiable checks; [or, upon an employee's written
169 request, by credit to such employee's account in any bank that has
170 agreed with the employer to accept such wage deposits] (C) upon an
171 employee's written or electronic request, by direct deposit; or (D) by
172 payroll card, provided the requirements of section 1 of this act are
173 satisfied.

174 (2) Unless otherwise requested by the recipient, the Comptroller
175 shall, as soon as is practicable, pay all wages due each state employee,
176 as defined in section 5-196, by electronic direct deposit to such
177 employee's account in any bank, Connecticut credit union or federal
178 credit union that has agreed with the Comptroller to accept such wage
179 deposits.

180 Sec. 3. Section 31-13a of the general statutes is repealed and the
181 following is substituted in lieu thereof (*Effective October 1, 2016*):

182 (a) With each wage payment each employer shall furnish to each
183 employee, in writing or, with the employee's explicit consent,
184 electronically, a record of hours worked, the gross earnings showing
185 straight time and overtime as separate entries, itemized deductions
186 and net earnings, except that the furnishing of a record of hours
187 worked and the separation of straight time and overtime earnings shall
188 not apply in the case of any employee with respect to whom the
189 employer is specifically exempt from the keeping of time records and
190 the payment of overtime under the Connecticut Minimum Wage Act
191 or the Fair Labor Standards Act.

192 (b) If the record of hours is furnished electronically pursuant to
193 subsection (a) of this section, the employer shall provide a means for
194 each employee to securely, privately and conveniently access and print
195 such record. The employer shall incorporate reasonable safeguards

196 regarding any information contained in the record furnished
197 electronically pursuant to subsection (a) of this section to protect the
198 confidentiality of an employee's personal information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>October 1, 2016</i>	31-71b(a)
Sec. 3	<i>October 1, 2016</i>	31-13a

Statement of Purpose:

To allow employers to pay employees wages using payroll cards and to allow certain wage and hour information provided by an employer to employees to 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.]