



General Assembly

Substitute Bill No. 211

February Session, 2016

* SB00211BA 040416 *

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 both for accessing their full

49 wages, salary or other compensation in lawful money of the United
50 States without any transaction fee to the employee for such access and
51 for avoiding or minimizing fees for use of the payroll card, including,
52 but not limited to, a clear and conspicuous notice describing how to
53 access wages, salary or other compensation without cost at automated
54 teller machines, depository financial institutions or other convenient
55 locations;

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 depository financial institution or other convenient location.

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

70 (f) (1) Neither the employer nor the payroll card issuer shall assess a
71 fee to the employee for any of the following, regardless of how such
72 fee is labeled: (A) Issuing the initial payroll card; (B) transferring
73 wages, salary or other compensation from the employer to the payroll
74 card account; (C) maintaining a payroll card account; (D) providing
75 one replacement card per calendar year upon the employee's request;
76 (E) closing the payroll card account; (F) maintaining a low balance; (G)
77 inactivity or dormancy of the payroll card account for the first twelve
78 months of inactivity or dormancy; or (H) point-of-sale transactions.

79 (2) A payroll card may bear an expiration date, provided (A) the

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

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

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

93 (h) Neither the payroll card nor the payroll card account shall be
94 linked to any form of credit and, to the extent technologically feasible,
95 the payroll card account shall not allow for overdrafts. No fees or
96 interest may be imposed upon the employee for an overdraft or the
97 first two declined transactions of each month.

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

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

111 fourteen days after receiving the employee's request.

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

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

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

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

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

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

140 (q) Nothing in this section shall be construed to restrict the fees that

141 a payroll card issuer may charge the employer pursuant to a payroll
142 card agreement between the payroll card issuer and the employer,
143 provided those fees are not charged to or passed on to any employee.

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

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

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

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

162 (a) (1) Except as provided in subdivision (2) of this subsection, each
163 employer, or the agent or representative of an employer, shall pay
164 weekly all [moneys] wages, salary or other compensation due each
165 employee on a regular pay day, designated in advance by the
166 employer [, in cash,] using one or more of the following methods: (A)
167 Cash; (B) by negotiable checks; [or, upon an employee's written
168 request, by credit to such employee's account in any bank that has
169 agreed with the employer to accept such wage deposits] (C) upon an
170 employee's written or electronic request, by direct deposit; or (D) by
171 payroll card, provided the requirements of section 1 of this act are

172 satisfied.

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

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

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

191 (b) If the record of hours is furnished electronically pursuant to
 192 subsection (a) of this section, the employer shall provide a means for
 193 each employee to securely, privately and conveniently access and print
 194 such record. The employer shall incorporate reasonable safeguards
 195 regarding any information contained in the record furnished
 196 electronically pursuant to subsection (a) of this section to protect the
 197 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

LAB *Joint Favorable Subst.*

BA *Joint Favorable*