



# PAYSTATE UPDATE

The Latest State and Local Payroll Compliance News from the American Payroll Association

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## **Coming Soon to a Payroll Near You! *Hawaii Paycard Law Takes Effect September 1***

On July 2, *Hawaii* Governor Neil Abercrombie signed a bill into law that will establish requirements for paycard use effective September 1, 2014 [H.B. 1814, L. 2014; see PAYSTATE UPDATE, Issue No. 10, Vol. 16]. The bill also contains provisions that update the wage payment law regarding direct deposit, and hold an employer responsible for any fees incurred if it has insufficient funds in its bank account for an electronic transfer of an employee's wages. These sections took effect July 2, 2014.

**Several conditions on paycard use.** Effective September 1, 2014, employers are permitted to pay wages via paycards, provided that certain conditions are met. The employee must be given the option of receiving his or her wages via direct deposit, paper check, or paycard. Employers cannot mandate paycard use or make it a condition of hire. Employees must voluntarily authorize the payment of wages via paycard in writing or by electronic signature (see PAYSTATE UPDATE, Issue No. 10, Vol. 16 for a more detailed list of conditions).

**Proposed bill originally banned paycard use.** Though the law places significant restrictions on paycard use, it is important to note that earlier versions of the bill would have imposed an outright ban on paycard use in the state (see PAYSTATE UPDATE, Issue No. 3, Vol. 16). The APA actively lobbied for the inclusion of more employer-friendly language in the bill. The APA Government Affairs Task Force Paycard Subcommittee previously submitted written testimony to the state legislature regarding concerns over certain amendments and the problems for employers if paycard use was suspended in the state (see PAYSTATE UPDATE, Issue No. 8, Vol. 16).