



# PAYSTATE UPDATE

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## Rhode Island Enacts Paycard Legislation

A bill expressly permitting the use of paycards was recently enacted in *Rhode Island* [H.B. 5590, L. 2015]. Effective July 15, 2015, employers are permitted to pay employee wages via paycards as long as certain conditions are met (this updates *The Payroll Source®*, p. 5-23). The bill became law without the signature of Governor Gina Raimondo.

### **Paycards permitted**

Effective July 15, 2015, an employer is permitted to pay wages to an employee by credit to a payroll card account as long as certain conditions are met:

- (1) The employee must be able to make at least one withdrawal from the payroll card account in each pay period without charge for any amount up to and including the full amount of the employee's net wages for the pay period;
- (2) If the employee's wages are paid more frequently than weekly, the employee must be able to make at least one withdrawal from the payroll card account each week without charge for any amount up to and including the full amount of the employee's net wages for that week; and
- (3) Employees who receive wages by credit to a payroll card account must be provided with a means of checking their payroll card account balances, either through an automated telephone system, online, or through the use of the Internet, without cost, regardless of the number of inquiries made.

An employee must authorize the payment of wages via paycard in writing or electronically.

### **Payroll card defined**

Under the new law, a "payroll card account" is defined as an account that is directly or indirectly established through an employer to which transfers of the employee's wages, salary, or other compensation are made, and which carries consumer protections that apply to payroll card accounts under federal law (the Electronic Funds Transfer Act and Regulation E, as may be amended).