

## **New Hampshire Legislature Rejects Payroll Card Provisions**

New Hampshire's Senate Commerce Committee and House Committee on Labor, Industrial, and Rehabilitative Services have taken diametrically opposed positions on payroll cards in the state. The debate derailed passage of legislation that APA wholeheartedly supported.

In January, the Senate committee passed S.B. 84, which would have allowed employers the option to make all wage payments electronically, either through direct deposit or payroll card. The bill also would have allowed the state to pay workers' compensation benefits through similar means. Upon passage, the bill moved to the House committee for consideration, where all provisions relating to the use of "pay cards" were removed. The two committees entered a conference to sort out their differences.

In May, APA wrote to the conference participants expressing its emphatic support for the Senate version of the bill and also its dismay at the House committee's action (<http://info.americanpayroll.org/pdfs/gov/grtf-paycard-NH-SB84-2018-5-1.pdf>). "APA generally favors electronic payments over the use of paper checks for a variety of reasons, including the timeliness of the payments; superior protection against fraud, theft, and loss; and reduced administrative overhead and tracking. In short, electronic payments are faster, safer, economical, and efficient," APA said.

APA also took issue with commentary posted to the House Record on April 13, which said recipients of a "paycard ... pay a fee every time they use it." APA said the statement "perpetuates the most common misconception about paycards: that employees must incur fees to access their wages from a paycard account." Study after study shows that employees can and often do use payroll cards without ever incurring fees. In fact, New Hampshire requires that employees using paycards be able to withdraw their earnings each pay period without incurring fees.

Overall, New Hampshire has one of the highest rates of residents with bank accounts among all states, according to a study by the Federal Deposit Insurance Corporation. Still, according to the same study, nearly one in five residents relies on alternative financial services such as check cashers. Provisions such as those originally included in S.B. 84 can be very helpful in efforts to move away from inefficient paper-based payment systems and into electronic systems.

The Conference Committee agreed to accept the House committee's changes. On May 23, the legislature passed the bill, which now provides that workers must be notified of the right to receive workers' compensation payments by direct deposit. Those not opting for direct deposit will be paid by paper check.

APA urges the New Hampshire legislature to support the use of payroll cards as a meaningful benefit to both employees and their employers.