



PAYSTATE UPDATE

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

Volume 18 Issue # 23 November 21, 2016

Pennsylvania Payroll Card Bill Enacted

A bill recently signed into law by *Pennsylvania* Gov. Tom Wolf officially permits payroll card use in the state, effective May 3, 2017 [S.B. 1265, L. 2016]. Last month, in a ruling by the Superior Court of Pennsylvania, the court stated that the “use of a voluntary payroll debit card may be an appropriate method of wage payment” (see PAYSTATE UPDATE, Issue No. 22, Vol. 18).

Definition

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, commissions or other compensation are made.”

Requirements

The following provisions apply when payments of wages are made through transfers to a payroll card account:

- (1) The employee must be issued a payroll card in accordance with the relevant provisions of Regulation E.
- (2) The payroll card account must be established at a financial institution whose funds are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration.
- (3) No employer may make the payment of wages via payroll card account a condition of employment.
- (4) Prior to obtaining the employee’s authorization, the employer must provide the employee with clear and conspicuous notice in writing or electronically of: all of the employee’s wage payment options, the terms and conditions of the payroll card account, including the fees that may be deducted from the account by the card issuer, notice that third parties may assess fees, and the methods available to the employee for accessing wages without fees.
- (5) The payroll card account must allow the employee, without charge, to: make at least one withdrawal each pay period for any amount (up to and including the full amount of net wages) or one such withdrawal weekly (if employee paid more frequently than weekly), and one in-network ATM withdrawal each pay period or weekly (if employee paid more frequently).
- (6) The payroll card account must provide the employee with a means of finding out the balance in the payroll card account through an automated phone system or other electronic means without cost.
- (7) An employer is prohibited from using a payroll card account that charges fees for: the application, initiation, or privilege of participating in the program, the issuance of the initial card, the issuance of one replacement card per calendar year upon employee request, the transfer of wages from the employer to the account, purchase transactions at the point-of-sale, or inactivity fees (if the nonuse is less than 12 months in duration).



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- (8) The funds in the payroll card account cannot expire. If the card has an expiration date during the period when wages are applied to the card by the employer and for 60 days after the last transfer of wages to the card, the employee must be provided with a replacement card without cost prior to the expiration date (unless prior to that date the account becomes the property of the state or unclaimed wages).
- (9) The employer must honor an employee's written or electronic request to change the employee's method of wage payment from payroll card account to direct deposit or paper check. The change must take effect as soon as practicable but no later than the first payday after 14 days from the employer's receipt of the employee's request (and information necessary to implement the change).