



American Payroll Association

Government Relations • Washington, DC

July 20, 2007

The Honorable Senator Thomas McGee
The Honorable Representative David Torrisi
Joint Committee on Labor and Workforce Development
Room 39
State House
Boston, MA 02133

By e-mail

Re: SUPPORT OF SB 1086, WITH RECOMMENDED CHANGES

Dear Senator McGee and Representative Torrisi,

We are writing to offer comments on Senate Bill 1086, An Act to Protect Wages of Employees Who Receive Wages Through an Electronic Wage Card. The APA has been monitoring and encouraging the development of this payment method for several years, and we welcome legislation that considers the needs of workers and employers alike. Electronic wage cards (paycards) provide opportunities for unbanked employees to enjoy the various benefits of electronic commerce, and they allow employers to maximize the speed, safety, efficiency, and reliability of their wage payments.

About the American Payroll Association

The American Payroll Association is a nonprofit association representing more than 23,000 payroll professionals and their companies in all 50 states and Canada. The APA's central mission is to educate the payroll industry about the best practices associated with paying America's workers their wages while complying with wage payment, employment tax withholding, and information reporting laws. The APA's secondary mission is to work with all levels of government to support government objectives, while minimizing administrative burden for government, employers, and individual workers/taxpayers.

S. 1086 – An Act to Protect Wages of Employees Who Receive Wages Through an Electronic Wage Card

Section 1 of the bill, defining electronic wage cards, says that "having employees pay for the implementation of said electronic wage card wage system shall be prohibited."

Section 2 reads, "Any employer paying wages by electronic wage card shall provide for such employee such facilities for the employee to withdraw money from said account without charge by deduction from said account thereof or otherwise, as shall be deemed by the attorney general as reasonable."

APA agrees with the principle that employees should have access to their wages without discount and should not incur costs related to the payment system, which are rightfully the responsibility of the employer. However, APA feels that employers should not be held responsible for all fees that an employee might incur when using a paycard for personal convenience. For example, after the first withdrawal each pay period – which is universally free under the paycard programs with which we are

familiar – the employee might incur numerous bank fees through repeated withdrawals and inquiries from an Automated Teller Machine (ATM). We believe that fees incurred for the convenience of the employee using a paycard should be borne by the employee, just as such fees are borne by employees who maintain bank accounts and receive their wages by check or direct deposit.

To ensure that employers are clear in their responsibilities and will move forward to offer this benefit to their employees, we recommend this change to the language of Section 2:

Any employer paying wages by electronic wage card shall provide the employee with (i) an initial withdrawal up to the entire amount of the employee’s net pay at no cost to the employee and (ii) prior disclosure of costs to the employee for subsequent withdrawals of any portion of the balance of the employee’s electronic wage account at a bank, automated teller machine, or other business locations. Third-party fees that are not within the control of the employer shall not constitute a violation of this section.

Please also read our paper, State Recognition of Paycards, which we have provided for your information. The paper discusses the benefits of the paycard to both employers and employees and highlights what measures have been enacted in other states to provide for their use. We provide this information and more to our members and to the general public through the Paycard Portal® section of our Web site, www.AmericanPayroll.org. Please let us know if you have any questions or if we can otherwise be of service to you.

Sincerely,

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Cc:

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