



American Payroll Association

Government Relations • Washington, DC

March 19, 2007

The Honorable Senator George D. Maziarz
Chairman, Senate Labor Committee
811 Legislative Office Bldg.
Albany, NY 12247

Via email: maziarz@senate.state.ny.us

Re: Senate 3675, Payment of Wages via Payroll Card

Dear Senator Maziarz:

We noted that a committee hearing has been scheduled to consider the bill on March 19, less than one week after it was introduced. We have not had an opportunity to fully gather member feedback on the bill, and we would ask that action be delayed to provide more time for all knowledgeable stakeholders to provide input on the bill. We have received some concerns and some suggestions that we believe would improve the bill. If consideration could be delayed for at least ten days, we would be happy to participate in the hearings and provide our input.

The American Payroll Association is a nonprofit professional association representing more than 22,000 individuals and their companies. The APA works with all levels of government to find ways for employers to meet their requirements under law and support government objectives, while minimizing administrative burden for government, employers, and individual workers.

To address members' interest in the use of payroll debit cards in the United States, the APA monitors their development and use with an aim toward helping educate policymakers and regulators about the benefits and uses of these cards. We have worked with legislative bodies and the Departments of Labor in many states in recent years to craft appropriate laws and regulations concerning payroll cards. The APA would like the opportunity to work with you and other interested stakeholders to develop laws that would benefit New York workers and employers.

Payroll debit cards represent a substantial improvement to many workers. A brief synopsis of some of the benefits is attached, as well as background information on payroll debit cards, including excerpts of laws and regulations enacted in the various states that have explicitly addressed the issue to date, which we hope will be useful to you. Please call Pete Isberg at (610) 827-1591 or Bill Dunn at (202) 232-6889 if we can be of service. Thank you.

Sincerely,

Cathy Beyda, Esq.
American Payroll Association
Chair, Paycard Subcommittee, Government Affairs Task Force



Pete Isberg
American Payroll Association
Paycard Legislative Subcommittee, Government Affairs Task Force



William Dunn, CPP
American Payroll Association
Manager of Government Relations

Payroll Debit Cards Benefit Workers

According to the Pelorus Group, an independent research firm, the number of paycards in circulation in 2006 was 7 million. This is more than a three-fold increase from the 2.2 million cards reportedly in circulation in 2004, and the number is expected to increase to 17.5 million in 2010. Paycards offer substantial benefits to workers, notably improved security and cost savings. Some of these benefits follow:

- Employees who are absent from work due to illness, travel, or even winter storms have immediate access to their pay, since they don't have to pick up a check or go to the bank or a check cashing facility.
- Paycards are particularly important as a transaction account for the hundreds of thousands of Americans who can not get a bank account because of prior banking problems.
 - Employees without bank accounts often have no alternative to check cashing stores, which charge 2% - 3%, on average, of the check's face value. The Federal Reserve Bank estimates that about 13% of households do not have a bank account.
 - Once an employee cashes his check, the employee may be carrying up to two weeks' net pay in cash, which can be stolen or lost. Employees with paycards are protected from loss. Lost cards are easily replaced, with remaining funds transferred to a new card.
 - Paycard holders can avoid real difficulties and costs in paying bills. With paper paychecks, they typically have to buy money orders or pay in cash, in person, by traveling to the each store, utility company and so on.
 - Paycards provide new purchasing power for goods and services that require a debit or credit card, such as auto rentals, hotel reservations, utility bills and on-line purchases.
- Workers are also protected from fraudulent use by their PIN, and by federal liability limitations under Federal Regulation E. Workers can also dispute transactions in accordance with Regulation E.
- Paycards include customer service to answer questions, and provide account balances, and deposit and withdrawal history.
- Workers receive periodic paper or on-line statements detailing all credits and spending, which helps them manage their money and become comfortable with the banking system.

Virtually all paycards offer one free ATM transaction each pay period, and most payroll debit card programs enable access to funds in several ways other than an ATM withdrawal or conventional cash withdrawal, including:

- Purchases at Point-of Sale terminals with cash back (no fees apply),
- The transfer of funds from the payroll card to any other financial account (no fees apply),
- Free convenience checks that can be used for bill payment or to cash out all funds,
- Free teller withdrawals at any bank that displays the card logo,
- The purchase of money orders, and
- The ability to pay bills on-line (no fees apply).