



American Payroll Association

Government Relations • Washington, DC

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Re: Payroll Debit Cards –HB4032

Dear Senators:

This letter expresses the support and endorsement of the American Payroll Association for West Virginia House Bill 4032, relating to the payment of wages through a direct deposit system utilizing an automated teller machine card or other means of electronic payment. We are writing to request your support in enacting HR 4032, which would clarify that West Virginia employees have the option to elect to receive their wages via payroll debit card (“paycard”), in addition to direct deposit or paper checks.

About the American Payroll Association

The American Payroll Association is a nonprofit professional association representing more than 23,000 individuals and their companies in all 50 states and Canada. The APA’s central mission is to educate its members and the entire payroll industry about the best practices associated with paying America’s workers their wages while successfully complying with all federal, state, and local wage payment, employment tax withholding, and information reporting laws. The APA’s secondary mission is to work with legislative and executive branches of 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/taxpayers.

The Benefits of Payroll Debit Cards

The Federal Reserve estimates that about 13% of households do not have bank accounts. Paycards are low-cost alternative for these individuals who might otherwise resort to paying usurious rates in order to cash their checks. Check cashing establishments have arisen across the country to serve working individuals who are unable to deposit their checks into personal checking or savings accounts. However, as the *Wall Street Journal* recently reported, unbanked

workers pay \$40 on average to cash their checks.¹ Paycards eliminate check-cashing fees. They also eliminate the need to carry large amounts of cash, which can be subject to loss or theft. Lost cards are easily replaced, with remaining funds transferred to a new card. Workers who are away from the workplace on payday also appreciate the immediate access to their pay, since there is no need to pick up a paycheck and make a trip to the bank.

Paycards are similar to debit cards tied to bank accounts, enabling holders to make purchases on the Internet or from catalogues, to make purchases and receive cash back at retailers, and to obtain cash at ATM machines. Many card programs permit cardholders to transfer funds credited to a paycard to a bank account, or withdraw the full amount on a card from a bank teller, or to write a “convenience check” for the full amount on the card. Paycards also help workers who do not presently have bank accounts to develop financial management skills and become comfortable with the banking system, leading to the establishment of other accounts, and improved long-term financial well being.

Employers also benefit from the ability to provide payments electronically, through increased efficiency, reduced errors, ease of replacement, and higher security.

The APA also has developed a legislative background paper with details as to how such card programs work and how other states have clarified their existing laws to encourage their use. A copy of the background paper is attached for your convenience.

We would be happy to work with you and your staffs, as well as the Department of Labor and other interested parties, to move HR 4032 forward in 2008. We believe that this legislation will be a ‘win-win’ for West Virginia workers and employers, and that your sponsorship would reflect positively on your leadership in the legislature.

Along with interested APA members, I would be happy to meet with you and other interested parties, and to participate in presenting the bill to the appropriate legislative committees. Please let me know how you would like to proceed. I look forward to working with you. Thank you.

Sincerely,

Cathy Beyda, Esq.
Chair, Government Affairs Task Force, Subcommittee on Paycards

Pete Isberg
Cochair, APA Government Affairs Task Force Subcommittee on Paycards

William Dunn, CPP
Manager of Government Relations
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¹ Wall Street Journal, page A17, January 24, 2008