

APA Sends Letter in Support of Massachusetts Paycard Bill

Recently, APA sent a letter to the chairs of the *Massachusetts* legislature's Joint Committee on Labor and Workforce Development in support of a bill that would expressly permit the use of paycards to pay wages (H.B. 1600) [<https://www.americanpayroll.org/docs/default-source/government-relations/19f-APA-Comments-MA-paycard.pdf>]. The joint committee held a hearing on the bill on June 18, 2019. APA supports the bill "because it provides appropriate protections to employees while allowing employers to enjoy the efficiencies of an electronic payroll."

Paycards permitted via administrative guidance

If enacted (if the bill is passed by both houses of the state legislature and signed into law by the governor), the bill would amend state labor law to codify longstanding administrative guidance permitting paycard use. Current state law does not include an explicit statement that paycards are an authorized method of wage payment, although regulators have informally confirmed that use of paycards is permissible. This bill would correct that oversight and provide clarity and certainty to Massachusetts employers that want to offer this method of wage payment to employees.

Payroll card account

The bill defines "payroll card account" as "a prepaid account that is directly or indirectly established through an employer to which transfers of the employee's wages, salary or other compensation are made, and which carries the consumer protections that apply to payroll card accounts" under federal law.

Access to wages, fee disclosure

The bill would ensure that employees would have full access to their wages – the ability to make at least one withdrawal from the payroll card account in each pay period (but not more frequently than once per week) without charge for any amount up to and including the full amount of the employee's net wages for the pay period. Any fees associated with the usage of the card after the initial transaction must be disclosed in advance to the employee, except that the employer is not responsible for disclosing third-party fees that are not within the control of the employer. Employees paid via paycard must be provided with a means of checking their payroll card account balance via telephone or online without cost, regardless of the number of inquiries made.