APA Supports Massachusetts Payroll Card Bill

The Massachusetts House of Representatives is considering a bill (H.B. 1600) that would codify the use of payroll cards in the state. Although Massachusetts currently does allow employers to offer payroll cards to employees, the state’s wage payment statutes do not expressly address their use.

APA’s Government Relations Task Force Subcommittee on Payroll Cards said the bill will codify “longstanding administrative guidance with respect to payroll cards,” in a letter to the chairs of the Joint Committee on Labor and Workforce Development, which is considering the bill [https://www.americanpayroll.org/docs/default-source/government-relations/19f-APA-Comments-MA-paycard.pdf].

Massachusetts should adopt H.B. 1600

APA said the bill provides appropriate protections to employees while allowing employers to enjoy the efficiencies of an electronic payroll.

According to the most recent study of the unbanked conducted by the Federal Deposit Insurance Corp. (FDIC), more than one in five Massachusetts households are either unbanked or underbanked. “The passage of H.B. 1600 would be a significant benefit to the thousands of Massachusetts workers who currently do not have access to the banking system and would provide them with a new path to financial freedom and control of their finances,” APA said. The legislation would also ensure that payroll card users, on top of federal protections, would have full access to their wages plus the ability to check their account balance via telephone or the internet without charge.

H.B. 1600 would also benefit employers. While Massachusetts law currently implicitly recognizes payroll cards, it does not include an explicit statement that they are an authorized method of wage payment. State regulators have informally confirmed that use of payroll cards is permissible. H.B. 1600 would provide clarity and certainty to Massachusetts employers that wish to offer this method of wage payment.