



# PAYSTATE UPDATE

The Latest State and Local Payroll Compliance News from the American Payroll Association

Volume 16

Issue # 3

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## 2014 May Be Troubling Year for State Paycard Legislation

Several states, including *Hawaii, Missouri, Nebraska, New Hampshire, New Jersey, Ohio, Pennsylvania, Virginia,* and *Wisconsin* are considering paycard bills in their respective state legislatures this year. While legislation that permits employers to pay employees' wages using paycards can be helpful to both employers and employees, legislators in some states want to ban paycard use in the wake of negative publicity.

### **APA opposes Hawaii bill that would ban paycards**

A bill that was introduced in Hawaii in January would, if enacted, prohibit employers from using paycards to pay employees' wages (H.B. 1814). The bill has been referred to two House committees – Labor and Public Employment and Consumer Protection and Commerce. On January 24, the labor committee held a hearing on the bill and a vote was scheduled for January 31. Because a ban on paycards would be detrimental to employers and employees, the APA's Government Affairs Task Force (GATF) Paycard Subcommittee sent written testimony strongly opposing the bill. The testimony explains the benefits of responsible paycard programs and offers to work with legislators on drafting amendments to the bill.

Recognizing that education is key, the Paycard Subcommittee also attached a copy of the joint press release issued by the APA and the National Consumer Law Center describing important guidelines employers and employees should consider when deciding to offer or enroll in a paycard program (see PAYSTATE UPDATE, Issue No. 15, Vol. 15). An op-ed praising the benefits of paycards for unbanked employees from the United States Hispanic Chamber of Commerce was included as well.

**State agency may change policy regarding paycards.** Dwight Y. Takamine, Director of the Hawaii Department of Labor and Industrial Relations (DLIR), submitted written testimony supporting H.B. 1814. The testimony acknowledges that the DLIR has interpreted the current law as permitting payment of wages via paycards as long as it is voluntary, but concludes, "In light of this legislation to clarify the law, the State is reconsidering its current policy" [DLIR, Re: H.B. No 1814 Relating to Payment of Wages, 1-24-14].

### **New Hampshire bill would effectively ban paycards**

The APA also sent written testimony opposing a New Hampshire bill that, if enacted, would place such severe restrictions on paycard use that the result would likely have the effect of banning paycards in the state (H.B. 1404). The bill has been referred to the House Labor, Industrial and Rehabilitative Services Committee, and a hearing was held on January 28.

H.B. 1404 would require employers that offer payroll cards to provide employees with several free banking services, likely making paycard use cost prohibitive for employers. The bill would require that employees be provided at least three free withdrawals each pay period, up to and including the full amount in the employee's payroll card account. It would also prohibit card issuers from charging employees virtually any type of fee



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associated with the use of the card. Employers would also be required to first offer employees payment via direct deposit and paper paycheck. Paycards would only be permissible after the employee declined the first two payment options.