

HOUSE RESEARCH

Bill Summary

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Subject: Mandatory direct deposit of payroll

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This bill authorizes a municipality to require direct deposit of pay for all employees, notwithstanding Minn. Stat. §§ 177.23, subd.4, and 181.02. "Municipality" means a home rule charter or statutory city, town, county, school district, political subdivision, or agency of local government.

Minn. Stat. § 177.23, subd. 4, defines "wage" for the purposes of the Minnesota Fair Labor Standards Act to mean compensation in cash, check, or direct deposit.

Minn. Stat. § 181.02, provides: "It is unlawful for an employer, other than a public service corporation, to issue to any employee in lieu of or in payment of any salary or wages earned by the employee a nonnegotiable time check or order."

The 2003 Legislature authorized the commissioner of finance to require direct deposit of paychecks for all state employees. *See* Minn. Stat. 2003 Supp. § 16A.17, subd. 10.