

HOUSE RESEARCH

Bill Summary

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Overview

This bill modifies the definition of "wage" in the Minnesota Fair Labor Standards Act to include compensation to an employee by electronic transfer to a payroll card account and regulates the payment of wages through payroll card accounts.

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1 **Definition of wage.** Modifies the definition of wage to include an electronic fund transfer to a payroll card account, meeting the requirements set forth in section 0.

2 **Payroll card accounts.**

Subd. 1. Definitions. Defines the following terms:

- "Payroll card" means a card issued to an employee to spend or withdraw funds from a payroll card account.
- "Payroll card account" means an account established by an employer on behalf of an employee to which the employee's wages are paid by electronic transfer. The account and wages transferred to it must be owned by the employee and subject to withdrawal and other disposition to the same extent and in the same way as if the employee had deposited the funds in the account.
- "Payroll card issuer" means a bank or other entity issuing a payroll card.

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- "Offers a payroll card" includes direct offers by the employer and employer distribution to employees of materials describing a payroll card program.
- "Free" means no fee is deducted from the payroll card account or charged to the employee by any entity.
- "Fee" means all fees, charges, surcharges, or costs deducted from a payroll card account or charged by any entity.

Subd. 2. Availability of wages. Provides that an employee must be able to withdraw by a free transaction wages transferred to a payroll card account on the employee's regular payday.

Subd. 3. Written disclosure. Requires employers offering electronic fund transfers of wages to disclose to employees in writing: (1) all wage payment options, (2) the terms and conditions of each option, and (3) the employee's and employer's rights, liabilities, and responsibilities under each option. Requires employers to include certain information in the written disclosure, such as fees that would apply.

Subd. 4. Written consent. Allows employers to initiate payment by transfer to a payroll card account only upon receiving an employee's signed, written consent.

Subd. 5. Transactions; statements; fees. Requires employers to provide at least one free transaction and at least one free statement per pay period. Prohibits the deduction of or charge of any fees that were not disclosed to an employee as required by subdivision 3 or were not included in the written consent required by subdivision 4.

Subd. 6. No link to credit. Prohibits the linkage of payroll cards and payroll card accounts with credit, including loans against future pay and cash advances.

Subd. 7. Personal information. Prohibits employers (and payroll card issuers, depository institutions, and financial institutions) from using information generated by an employee's use or possession of a payroll card or payroll card account for any purpose other than processing transactions and administering the payroll card account.

Subd. 8. Languages other than English. Requires an employer who offers an employee a payroll card using written materials in a language other than English must ensure the provision of consumer services to that employee in that other language.

Subd. 9. Direct deposit protections. Gives employees receiving wages by electronic fund transfer into a payroll card account the same statutory protections afforded to employees receiving wages by direct deposit into a bank account.

Subd. 10. Change of wage payment method. Specifies that employees receiving wages by electronic fund transfer to a payroll card account may request payment by a

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different method in writing. Requires employers to begin payment by the requested method within 14 days of the employee's request.

Subd. 11. Violation; penalty. Treats violations of §177.255 as violations of § 181.79 (wage deductions for faulty workmanship, loss, theft, damage). Makes employers liable in a civil action for twice the amount of the deduction or credit taken.

Makes this act effective _____.