

STATE OF NEW YORK

5208--A

2017-2018 Regular Sessions

IN SENATE

March 16, 2017

Introduced by Sen. GALLIVAN -- read twice and ordered printed, and when printed to be committed to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the labor law, in relation to clarifying methods for the payment of wages and authorizing the payment of wages by use of payroll cards

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. The section heading of section 192 of the labor law, as
2 amended by chapter 301 of the laws of 1974, is amended to read as
3 follows:
4 [~~Cash payment~~] Payment of wages.
5 § 2. Subdivision 1 of section 192 of the labor law, as added by chap-
6 ter 475 of the laws of 1981 and as renumbered by chapter 170 of the laws
7 of 1994, is amended to read as follows:
8 1. [~~No employer shall without the advance written consent of any~~
9 ~~employee directly pay or deposit the net wage or salary of such employee~~
10 ~~in a bank or other financial institution.~~] Wages shall be paid using one
11 or more of the following methods:
12 a. in lawful money of the United States;
13 b. by check payable at face value upon demand in lawful money of the
14 United States;
15 c. by electronic automated fund transfer in lawful money of the United
16 States into an account in the name of the employee at a financial insti-
17 tution designated by the employee; provided that the employee voluntar-
18 ily gives written or electronic authorization in advance to receive his
19 or her wages in this manner; or
20 d. by credit to a payroll card account in accordance with section one
21 hundred ninety-two-a of this article, provided that the employee volun-

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD10400-06-7

1 tarily gives written or electronic authorization in advance to receive
2 his or her wages in this manner.

3 § 3. The labor law is amended by adding a new section 192-a to read as
4 follows:

5 § 192-a. Payment of wages using payroll cards. 1. As used in this
6 section:

7 a. "payroll card" means a prepaid card used by an employee to access
8 wages from a payroll card account;

9 b. "payroll card account" means a prepaid account that is directly or
10 indirectly established through an employer and to which transfers of the
11 employee's wages, salary or other compensation are made; and

12 c. "payroll card issuer" means a financial institution or other entity
13 that issues a payroll card to employees on behalf of their employer.

14 2. Consent to receive wages by credit to a payroll card account shall
15 not be made a condition of hire or a condition of continued employment.

16 3. A payroll card program offered by an employer shall be associated
17 with a network of automated teller machines that assures the availabili-
18 ty of a substantial number of in-network ATMs in the state.

19 4. If an employer pays wages to employees by credit to a payroll card:

20 a. Except as provided in paragraph b of this subdivision, employees
21 must be able to make at least one withdrawal or transfer from the
22 payroll card account in each pay period without charge for any amount up
23 to and including the full amount of the employee's net wages for the
24 period and one withdrawal at an in-network ATM each week without charge.

25 b. If wages are paid more frequently than weekly, employees must be
26 able to make at least one withdrawal or transfer each week without
27 charge for any amount up to and including the full amount of the employ-
28 ee's net wages for that week and one withdrawal at an in-network ATM
29 each week without charge.

30 5. Employers who use payroll cards to deliver wages or other compen-
31 sation to their employees must also provide employees with the option of
32 receiving their wages or other compensation by check and electronic fund
33 transfer in accordance with section one hundred ninety-one-c of this
34 article.

35 6. An employee who receives wages by credit to a payroll card must be
36 provided with the following:

37 a. A means of checking the employee's payroll card account balances
38 through an automated telephone system and one additional electronic
39 means, without cost irrespective of number of inquiries made.

40 b. Access to an electronic transaction history that includes all
41 deposits, withdrawals, deductions, or charges by any entity from or to
42 the employee's payroll card account at no cost to the employee. The
43 employee shall be provided one written transaction history a month at no
44 cost upon request by the employee.

45 c. At the employee's request, one replacement card per year without
46 cost, except that a fee may be charged for the cost of expedited deliv-
47 ery of a replacement payroll card if the employee requests such deliv-
48 ery.

49 7. When offering an employee the option of receiving wages by credit
50 to a payroll card account, an employer must provide the employee with
51 notice of the following items in paper or printable form. Notice must be
52 provided in the languages the employer normally uses to communicate
53 employment-related policies to their employees.

54 a. a listing of all methods of wage payment offered by the employer in
55 accordance with section one hundred ninety-two of this article;

1 b. the terms and conditions relating to use of the payroll card,
2 including a list of fees that may be assessed by the payroll card
3 issuer;

4 c. the methods available to employees for accessing wages without
5 costs;

6 d. the methods available to employees for checking the balance in the
7 payroll card account without cost; and

8 e. a statement that third parties may assess transaction fees in addi-
9 tion to the fees assessed by the payroll card issuer.

10 8. An employer may not use a payroll card program that charges fees
11 for point of sale transactions; the application, initiation, loading of
12 wages by the employer; account maintenance or monthly maintenance; or
13 mere participation in the payroll card program. Fees for account inac-
14 tivity may be assessed following nine months of inactivity.

15 9. An employee paid wages by credit to a payroll card account may
16 request in writing to be paid wages by another method of payment
17 provided by the employer in accordance with section one hundred ninety-
18 two of this article. Following the written request, the employer shall,
19 within two pay periods, begin payment to the employee by the allowable
20 method requested by the employee.

21 10. The payroll card or payroll card account may not be linked to any
22 form of credit including, but not limited to, overdraft fees or over-
23 draft service fees, a loan against future pay, or a cash advance on
24 future pay or work not yet performed.

25 11. A payroll card program offered by an employer shall provide the
26 employee with notices, disclosures, error resolution procedures,
27 protections from unauthorized use, and limitations on liability in
28 accordance with the electronic fund transfer act, 15 U.S.C. § 1693 et
29 seq, and regulation e, 29 C.F.R. part 1005, as may be amended.

30 12. Wages credited to a payroll card account must be insured by the
31 Federal Deposit Insurance Corporation, the National Credit Union Admin-
32 istration, or another entity on a pass through basis to the employee.

33 13. No employer shall receive any compensation, bonus, reward or other
34 financial consideration from a payroll card issuer based upon: (a) the
35 amount or number of payroll card-related fees paid by the employer's
36 employees; or (b) the number of employees who are paid wages through a
37 payroll card account. Nothing in this section shall preclude employers
38 from receiving account materials or a bulk rate or volume discount based
39 on the number of employees that receive wages through a payroll card
40 account.

41 14. Where a collective bargaining agreement governs the method by
42 which an employer must pay wages to its employees, an employer cannot
43 seek consent to receive wages on a payroll card from any employee
44 covered by that collective bargaining agreement.

45 § 4. This act shall take effect on the ninetieth day after it shall
46 have become a law.