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BILL ANALYSIS

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House Bill 5821 (Substitute H-3 as reported without amendment)

Sponsor: Representative Dan Scripps

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

CONTENT

The bill would amend Public Act 390 of 1978 (which deals with the payment of wages and fringe benefits) to do the following:

- Permit an employer to require employees to receive wages only through direct deposit or a payroll debit card if the employer provided the employees with a form giving them the choice between those methods, and disclosed certain information regarding a payroll debit card.
- Permit an employer to pay wages by issuing a payroll debit card only if the card allowed at least one weekly withdrawal or transfer without charge, and provided for an unlimited number of balance inquiries without charge.
- Permit an employee to request a change in the method of receiving wages at any time.

The employer would have to inform employees that failure to return the form within 30 days would be presumed to indicate consent to receiving wages through a payroll debit card, unless an employee already was paid by direct deposit. In that case, the method of payment could not be changed to payroll debit card without the employee's written consent.

The employer would have to disclose the following about a payroll debit card: the terms and conditions for its use, including an itemized list of any fees; the methods for obtaining wages without charge; the methods to obtain free balance inquiries; a statement that the card issuer and the automatic teller machine (ATM) operator both could impose charges if the card were used outside the specified network of ATMs; the employee's right to change the method of payment at any time; and that the card would not provide access to a savings or checking account.

A card could not allow changes in fees or terms of service unless the employee had received a written notice of the changes at least 21 days in advance, and could not be linked to any form of credit.

MCL 408.746

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 8-18-10

Fiscal Analyst: Elizabeth Pratt

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Bill Analysis @ www.senate.michigan.gov/sfa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.