

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1281**

A bill to amend 1978 PA 390, entitled

"An act to regulate the time and manner of payment of wages and fringe benefits to employees; to prescribe rights and responsibilities of employers and employees, and the powers and duties of the department of labor; to require keeping of records; to provide for settlement of disputes regarding wages and fringe benefits; to prohibit certain practices by employers; to prescribe penalties and remedies; and to repeal certain acts and parts of acts,"

by amending section 6 (MCL 408.476), as amended by 2010 PA 323.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1           Sec. 6. (1) An employer or agent of an employer may pay wages  
2   to an employee by any of the following methods that protect the  
3   earnings of the employee from garnishment as required by 15 USC  
4   1673 ~~—~~to the same extent they would be exempt while held by the  
5   employer:  
6           (a) Payment in United States currency.

1 (b) Payment by a negotiable check or draft payable on  
2 presentation at a financial institution or other established place  
3 of business without discount in United States currency.

4 (c) Direct deposit or electronic transfer to the employee's  
5 account at a financial institution.

6 (d) Issuing a payroll debit card that complies with subsection  
7 (6).

8 (2) Except as provided in section 283a of the management and  
9 budget act, 1984 PA 431, MCL 18.1283a, or in subsection (4), an  
10 employer or agent of an employer shall not deposit an employee's  
11 wages in a bank, credit union, or savings and loan association  
12 without the full, free, and written consent of the employee,  
13 obtained without intimidation, coercion, or fear of discharge or  
14 reprisal for refusal to permit the deposit.

15 (3) Except as provided in subsection (4), an employer or agent  
16 of an employer shall not issue a payroll debit card to an employee  
17 under subsection (1)(d) without the full, free, and written consent  
18 of the employee, obtained without intimidation, coercion, or fear  
19 of discharge or reprisal for refusal to accept the payroll debit  
20 card. However, an employer paying wages by payroll debit card to 1  
21 or more of its employees as of January 1, 2005 may pay wages to any  
22 of its employees by payroll debit card without obtaining the  
23 consent described in this act.

24 (4) An employer or agent of an employer may require employees  
25 to receive wages only through direct deposit or a payroll debit  
26 card that complies with subsection (6) if the employer has provided  
27 the employee with all of the following:

1 (a) A written form that allows the employee the option to  
2 receive wages either by direct deposit to the employee's account at  
3 a financial institution or through a payroll debit card.

4 (b) A statement indicating that, except for an employee  
5 currently paid by direct deposit or any employee of an employer  
6 paying wages by payroll debit card to 1 or more of its employees on  
7 January 1, 2005, failure to return the form within 30 days with the  
8 account information necessary to implement direct deposit will be  
9 presumed to indicate consent to receiving wages through a payroll  
10 debit card. If an employee is currently paid by direct deposit, the  
11 method of payment shall not be changed to payroll debit card  
12 without written consent of the employee.

13 (c) Written disclosure of all of the following concerning the  
14 payroll debit card:

15 (i) The terms and conditions for use, including an itemized  
16 list of any and all fees.

17 (ii) The methods for accessing wages without charge.

18 (iii) A statement that, if the payroll debit card is used  
19 outside of the specified network of automatic teller machines, both  
20 the payroll card issuer and the operator of the automatic teller  
21 machine may impose charges.

22 (iv) The methods to obtain free balance inquiries.

23 (v) The employee's right to elect to change the method of  
24 receiving wages at any time, as provided in subsection (5).

25 (vi) That the payroll debit card does not provide access to a  
26 savings or checking account.

27 (5) An employee may request a change in the method of

1 receiving wages established under subsection (4) at any time. The  
2 employer shall take no longer than 1 pay period to implement the  
3 change after the employer receives the request and any information  
4 necessary to implement the request. An employer shall allow an  
5 employee to select payment by direct deposit or electronic transfer  
6 under subsection (4) freely, without intimidation, coercion, or  
7 fear of discharge or reprisal for the choice.

8 (6) An employer shall not pay wages by issuing a payroll debit  
9 card unless the payroll debit card has all of the following  
10 characteristics:

11 (a) Entitles the employee to make at least 1 withdrawal or  
12 transfer without charge each pay period, but not more frequently  
13 than once per week, for any amount the employee elects up to the  
14 balance accessible through the card.

15 (b) Allows no changes in fees or terms of service unless the  
16 employee has received a written notice at least 21 days in advance  
17 of the date that the changes take effect identifying the changes.

18 (c) Provides a method for the employee to make an unlimited  
19 number of balance inquiries without charge, either electronically  
20 or by telephone.

21 (d) Is not linked to any form of credit, including a loan  
22 against future pay or a cash advance on future pay.

23 (7) An employer shall not require an employee to pay any fees  
24 or costs incurred by the employer in connection with paying wages  
25 or establishing a process for paying wages by a method described in  
26 subsection (1)(c) or (d).

27 (8) As used in this section:

1 (a) "Federally insured financial institution" means a state or  
2 nationally chartered bank or a state or federally chartered savings  
3 and loan association, savings bank, or credit union whose deposits  
4 are insured by an agency of the United States government. ~~and which~~  
5 ~~maintains a principal office or branch office located in this state~~  
6 ~~under the laws of this state or the United States.~~

7 (b) "Payroll debit card" means a stored-value card issued by  
8 **OR ON BEHALF OF** a federally insured financial institution that  
9 provides an employee with immediate access for withdrawal or  
10 transfer of his or her wages through a network of automatic teller  
11 machines. The term includes a card commonly known as a payroll  
12 debit card, payroll card, and paycard.