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BILL



ANALYSIS

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Senate Bill 1281 (as introduced 9-19-12)
Sponsor: Senator Darwin L. Booher
Committee: Banking and Financial Institutions

Date Completed: 9-21-12

CONTENT

The bill would amend Public Act 390 of 1978 (which regulates the payment of wages and fringe benefits) to revise the definition of "payroll debit card". The term currently means a stored-value card issued by a federally insured financial institution that provides an employee with immediate access for withdrawal or transfer of his or her wages through a network of automatic teller machines. The bill would refer to such a card issued "by or on behalf of" a federally insured financial institution.

MCL 408.476

BACKGROUND

Public Act 390 of 1978 governs the methods that an employer may use to pay wages to employees. In addition to paying by cash or check, employers may make a direct deposit or electronic transfer to an employee's account at a financial institution, or issue a payroll debit card. Also called a payroll card or a paycard, a payroll debit card is a prepaid card that an employer can "load" with additional funds periodically. The employee then can use his or her card to obtain cash at an automatic teller machine, make debit purchases from merchants, or make purchases and receive cash back.

As a rule, an employer may not issue a payroll debit card to an employee without the employee's written consent. Public Act 323 of 2010, however, amended the statute to authorize an employer to require employees to receive wages only through direct deposit or a payroll debit card if the employer gives the employees the opportunity to choose between those two methods of being paid, and provides written disclosure of certain information. In addition, a payroll debit card must have various characteristics specified in the Act.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

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

Fiscal Analyst: Josh Sefton

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