
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1855 Session of
2017

INTRODUCED BY BLOOM, MCGINNIS, RYAN, ORTITAY, KNOWLES, GROVE AND
WHEELAND, OCTOBER 11, 2017

REFERRED TO COMMITTEE ON COMMERCE, OCTOBER 11, 2017

AN ACT

1 Amending the act of December 19, 1975 (P.L.604, No.173),
2 entitled "An act to facilitate the use of electronic funds
3 transfer systems by providing that credits to accounts in
4 financial institutions designated by recipients shall satisfy
5 legal requirements for payments by cash or checks," providing
6 for short title; further providing for electronic funds
7 transfers, for consumer protections and for payroll card
8 accounts; and making editorial changes.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. The act of December 19, 1975 (P.L.604, No.173),
12 entitled "An act to facilitate the use of electronic funds
13 transfer systems by providing that credits to accounts in
14 financial institutions designated by recipients shall satisfy
15 legal requirements for payments by cash or checks," is amended
16 by adding a section to read:

17 Section 1. Short title.

18 This act shall be known and may be cited as the Credits to
19 Accounts in Financial Institutions Act.

20 Section 2. Section 1 of the act, amended November 4, 2016
21 (P.L.1210, No.161), is renumbered to read:

1 Section [1.] 2. Definitions.

2 The following words and phrases when used in this act shall
3 have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 "ATM." An automated teller machine.

6 "Financial institution." A bank or savings association as
7 those terms are defined in section 1813 of the Federal Deposit
8 Insurance Act (64 Stat. 873, 12 U.S.C. § 1813) or credit union
9 eligible for insurance of member accounts under the Federal
10 Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1751 et seq.).

11 "Payroll card account." An account that is directly or
12 indirectly established through an employer, to which transfers
13 of the employee's wages, salary, commissions or other
14 compensation are made.

15 Section 3. Sections 1.1, 2 and 2.1 of the act, amended
16 November 4, 2016 (P.L.1210, No.161), are renumbered and amended
17 to read:

18 Section [1.1.] 3. Electronic funds transfers.

19 For the purposes of any statute, rule or regulation requiring
20 any payment to be made in lawful money or by check, whether for
21 wages, salaries, commissions or other claims of any kind, the
22 payment may be made by credit to an account in a financial
23 institution, including a payroll card account, authorized to
24 accept deposits or payments if the recipient has [authorized]
25 been notified of the method of payment in writing or
26 electronically and has been given a reasonable opportunity to
27 specify the account to which the payment will be credited.

28 Section [2.] 4. Consumer protections.

29 When wages, salaries, commissions or other payments are
30 transferred to an account at a financial institution as

1 described in section [1.1] 3:

2 (1) the financial institution holding the account to
3 which transfers are made shall provide the employee or other
4 payee with the disclosures, notices of transfer, change in
5 term notices, access to account information and other
6 consumer protections to the extent required by 12 CFR Part
7 1005 (relating to electronic fund transfers (Regulation E));
8 and

9 (2) an employer shall provide an employee with a written
10 or electronic statement of earnings and deductions each pay
11 period in accordance with applicable law.

12 Section [2.1.] 5. Payroll card accounts.

13 In addition to any other requirements under this act, all of
14 the following provisions apply when payment of wages, salaries,
15 commissions or other compensation is made through transfers to a
16 payroll card account:

17 (1) The employee shall be issued a payroll card in
18 accordance with 12 CFR Part 1005 (relating to electronic fund
19 transfers (Regulation E)).

20 (2) The payroll card account shall be established at a
21 financial institution whose funds are insured by the Federal
22 Deposit Insurance Corporation or the National Credit Union
23 Administration.

24 (3) No employer may make the payment of wages, salary,
25 commissions or other compensation by means of a payroll card
26 account a condition of employment or a condition for the
27 receipt of any benefit or other form of remuneration for any
28 employee[.], except that an employee who has been notified
29 under section 3 may be enrolled in a payroll card account
30 without the employee's authorization if the employee has not

1 selected an account to accept payment of wages, salary,
2 commission or other compensation.

3 (4) Prior to [obtaining an employee's authorization]
4 enrolling an employee in a payroll card account, the employer
5 shall provide the employee with clear and conspicuous notice,
6 in writing or electronically, of all of the following:

7 (i) All of the employee's wage payment options[.]
8 and a notice that the employee may be enrolled in a
9 payroll card account if the employee has not selected an
10 account to accept payment of wages, salary, commission or
11 other compensation.

12 (ii) The terms and conditions of the payroll card
13 account option, including the fees that may be deducted
14 from the employee's payroll card account by the card
15 issuer.

16 (iii) A notice that third parties may assess fees in
17 addition to the fees assessed by the card issuer.

18 (iv) The methods available to the employee for
19 accessing wages without fees.

20 (5) The payroll card account shall provide the employee
21 with the ability without charge to make:

22 (i) At least one withdrawal each pay period for any
23 amount up to and including the full amount of the
24 employee's net wages for that period or one such
25 withdrawal weekly if the employee is paid more frequently
26 than weekly.

27 (ii) One in-network ATM withdrawal each pay period
28 or one such withdrawal weekly if the employee is paid
29 more frequently than weekly.

30 (6) The payroll card account shall provide the employee

1 with a means of ascertaining the balance in the employee's
2 payroll card account through an automated telephone system or
3 other electronic means without cost to the employee.

4 (7) In addition to the fees prohibited under paragraphs
5 (5) and (6), an employer may not use a payroll card account
6 that charges fees to the employee for any of the following:

7 (i) The application, initiation or privilege of
8 participating in the payroll card program.

9 (ii) The issuance of the initial payroll card.

10 (iii) The issuance of one replacement card per
11 calendar year upon request of the employee.

12 (iv) The transfer of wages, salary, commissions or
13 other compensation from the employer to the payroll card
14 account.

15 (v) Purchase transactions at the point of sale.

16 (vi) Nonuse or inactivity in a payroll card account
17 consisting of the failure to withdraw funds from an
18 account, deposit funds into an account, transfer funds to
19 another person or use an account for purchase
20 transactions, if the nonuse or inactivity is less than 12
21 months in duration.

22 (8) The funds in a payroll card account shall not
23 expire. If a payroll card has an expiration date during the
24 period when wages, salary or other compensation are applied
25 to the payroll card account by the employer and for 60 days
26 after the last transfer of wages, salary, commissions or
27 other compensation to the account, the employee shall be
28 provided a replacement card without cost prior to the
29 expiration date, unless prior to that date the account
30 becomes subject to the custody and control of the

1 Commonwealth under Article XIII.1 of the act of April 9, 1929
2 (P.L.343, No.176), known as The Fiscal Code, or pursuant to
3 the unclaimed property or escheat law of another state, the
4 District of Columbia or a territory of the United States.

5 (9) The employer shall honor an employee's written or
6 electronic request to change the employee's method of
7 receiving wages from a payroll card account to direct deposit
8 [or negotiable check]. The change shall take effect as soon
9 as practicable, but no later than the first payday after 14
10 days from receipt by the employer of the employee's request
11 and any information necessary to implement the change.

12 (10) Nothing in this section may be construed to preempt
13 or override the terms of any collective bargaining agreement
14 with respect to the methods by which an employer provides
15 payment of wages, salary, commissions or other compensation
16 to employees.

17 Section 4. Sections 3 and 4 of the act, amended November 4,
18 2016 (P.L.1210, No.161), are renumbered to read:

19 Section [3.] 6. Construction.

20 This act shall supersede any inconsistent provision of any
21 other statute, rule or regulation.

22 Section [4.] 7. Effective date.

23 This act shall take effect immediately.

24 Section 5. This act shall take effect in 60 days.