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FISCAL IMPACT REPORT

ORIGINAL DATE 02/16/11
 LAST UPDATED 03/07/11 **HB** 212/aHFL#1

SPONSOR Trujillo

SHORT TITLE Payment of Wages through Payroll Cards **SB** _____

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 156

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of House Floor Amendment #1

House Floor amendment #1 to House Bill 212 would change the bill as follows.

It would remove the proposed language that would allow an employer to deduct amounts “specifically stated in a written contract entered into at the time of hiring.”

For employees of an employer implementing a payroll card program, options would be expanded from direct deposit at a financial institution of their own choice to include payment by check, payroll vouchers, or drafts on banks convertible into cash on demand at full face value.

For employees taking options in the above situation, these options could be terminated by the employer after one year and all employees would have to participate in the payroll card program.

Synopsis of Original Bill

House Bill 212 proposes to amend Chapter 50, Article 4 NMSA 1978 to allow an employer to use a payroll card to deliver wages or salaries to its employees with the provision that employees can make at least one withdrawal or transfer of wages or salaries due for that pay period without

charge. The withdrawal or transfer could be for any amount up to and including the full amount of the employee's wages. Employees would also be provided the option of receiving their wages by direct deposit into a personal account at the financial institution of the employee's choosing. The payroll card would be an additional option to current payroll delivery methods such as United States currency, checks, payroll vouchers, bank drafts or direct deposit.

FISCAL IMPLICATIONS

House Bill 212 makes no appropriation.

JCH/bym

SIGNIFICANT ISSUES

The state of New Mexico disburses its payroll primarily through direct deposit to its employees, and still prints warrants. The availability of disbursement through payroll cards is not likely to have a significant impact on the state's payroll process.

Payroll cards might offer notable efficiency to private employers, especially for streamlining payroll processes and eliminating printed checks. Payroll cards would also be very convenient for some employees, since payroll card holders do not need to have a bank account. Employees using payroll cards could also avoid check cashing fees.

The State of New Mexico Department of Workforce Solutions reports that it offers unemployment insurance (UI) benefits through direct deposit or a prepaid Visa debit card, with funds limited to the amount of UI benefits. The prepaid Visa debit card allows direct deposit of UI benefits payments to those who do not have a traditional bank account. There is no credit check required. The deposit account is FDIC-insured and follows all Regulation E requirements for consumer protection. Claimants have access to their funds 24 hours a day, seven days a week, via purchases everywhere Visa debit cards are accepted.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 156 is a duplicate of House Bill 212.

JCH/bym