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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/11
 LAST UPDATED 03/11/11 **HB** _____

SPONSOR Griego, P.

SHORT TITLE Payment of Wages through Payroll Cards **SB** 156/aSFL#1/aSLC

ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI	N/A	None

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 212

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Personnel Office (SPO)

Public Education Department (PED)

Department of Workforce Solutions (DWS)

SUMMARY

Synopsis of Senate Labor and Human Resources Committee Amendment

The Senate Labor and Human Resources Committee amendment to Senate Bill 156 strikes Senate Floor amendment #1 and makes the changes for employee protection summarized below.

- Employees paid by payroll card would not be liable for any of the employer's costs incurred by using the program, any interest on their balances would accrue to them, and balance inquiries would be available free of charge by phone or electronically.
- Employers would be required to disclose in a clear and conspicuous manner, in the language the employer uses to communicate employment-related policies to employees: the terms and conditions for use of the payroll card including a list of fees that may be assessed by the card issuer, the methods available to employees for accessing their full wages without any fees, the methods for checking balances in the payroll card account without cost, and whether third parties may assess additional fees.

- The payroll card and account may not be linked to any form of credit and no fees or interest may be imposed when overdrafts occur.
- Employees receiving wages on a payroll card must be permitted, with timely notice, to receive their wages by direct deposit to a personal account.
- If the terms and conditions for the payroll card change, including changes in fees that may be assessed by the payroll card issuer, the employee must be given at least twenty-one days notice.
- The wages paid to an employee under such a program must be a deposit insured by the FDIC or the NCUA on a pass-through basis to the employee.
- The funds loaded onto the payroll card by or on behalf of the employee may not expire but must escheat to the state in accordance with applicable law.
- Payroll cards with an expiration date must be replaced for free prior to the expiration date.
- Except for truck drivers in positions under the authority of the USDOT, the card must be widely accepted for point-of-sale transactions without a fee or surcharge.
- Neither the employer nor the card issuer could charge the employee fees for obtaining a payroll card, reloading wages onto the card or providing one replacement card per year if needed, during the employment relationship and thirty days thereafter.
- Employees must have access to the payroll account history for transactions for at least the prior sixty days. The employer must provide employees with either a confidential means of accessing history information electronically along with the ability to print the history without cost or a means for the employee to receive a written transaction history one a month from the card issuer without cost.

Synopsis of Senate Floor Amendment #1

Senate Floor Amendment #1 to Senate Bill 156 would expand the information the payroll card issuer must provide to a card holder and require that interest earned be credited to the account. The original requirement, with the amendment text underlined is altered to read “employees are provided information regarding the terms and conditions of the payroll card program, including any fees that may be assessed and if any interest is earned on the balances on the card, it is credited to the employee and no fee is passed on to the employee;”

Synopsis of Original Bill

Senate Bill 156 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

Senate Bill 156 makes no appropriation.

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

House Bill 212 is a duplicate of Senate Bill 156.

JCH/bym