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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1026 Session of  
2024

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INTRODUCED BY MILLER, BAKER, GEBHARD, FONTANA, COSTA,  
CAPPELLETTI AND STREET, JANUARY 5, 2024

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REFERRED TO LABOR AND INDUSTRY, JANUARY 5, 2024

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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," further  
6 providing for electronic funds transfers, for consumer  
7 protections and for payroll card accounts.

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

10 Section 1. Sections 1.1 and 2 of the act of December 19,  
11 1975 (P.L.604, No.173), entitled "An act to facilitate the use  
12 of electronic funds transfer systems by providing that credits  
13 to accounts in financial institutions designated by recipients  
14 shall satisfy legal requirements for payments by cash or  
15 checks," are amended to read:

16 Section 1.1. Electronic funds transfers.

17 (a) Authorization.--For the purposes of any statute, rule or  
18 regulation requiring any payment to be made in lawful money or  
19 by check, whether for wages, salaries, commissions or other  
20 claims of any kind, the payment may be made by credit to an

1 account in a financial institution, including a payroll card  
2 account, authorized to accept deposits or payments if the  
3 recipient has authorized the method of payment in writing or  
4 electronically.

5 (b) Duties of employers.--An employer may pay all wages,  
6 salaries or commissions due to an employee by credit to an  
7 account in a financial institution, including a payroll card  
8 account in accordance with this subsection. If the employer  
9 elects to eliminate both options for an employee to receive  
10 payment in lawful money or by check and offers payment only by  
11 credit to an account in a financial institution, the following  
12 shall apply:

13 (1) The employer shall notify the employee in clear and  
14 conspicuous language that the employee will no longer have  
15 the option to receive payment in lawful money or by check.

16 (2) The employee shall receive notice at least 21 days  
17 prior to the date of the payday that the employee will no  
18 longer have the option to receive payment in lawful money or  
19 by check. The notice shall:

20 (i) clearly state that it is the employee's right to  
21 designate the account in a financial institution to  
22 receive payment;

23 (ii) explain the employee's options, including  
24 direct deposit and a payroll card account;

25 (iii) include the date of the payday that the  
26 employee will no longer have the option to receive  
27 payment in lawful money or by check;

28 (iv) clearly state that, if the employee does not  
29 designate a financial institution at least seven days  
30 prior to the payday specified under subparagraph (iii),

1 the employer may make payment to the employee to a  
2 payroll card account established at a financial  
3 institution designated by the employer; and

4 (v) include any forms and instructions necessary for  
5 the employee to designate the account in a financial  
6 institution of the employee's choosing to receive  
7 payment.

8 (c) Failure to designate financial institution.--If an  
9 employee does not designate a financial institution at least  
10 seven days prior to the payday specified under subsection (b) (2)  
11 (iv), the employer may pay all wages, salaries or commissions  
12 due to the employee to a payroll card account established at a  
13 financial institution designated by the employer that complies  
14 with the requirements of section 2.1 or temporarily by  
15 negotiable check, in the discretion of the employer. Before  
16 initially enrolling an employee in a payroll debit card account  
17 in accordance with section 2.1(1), the employer shall offer the  
18 employee the opportunity to designate the account in a financial  
19 institution to receive payment in accordance with subsection  
20 (b).

21 Section 2. Consumer protections.

22 When wages, salaries, commissions or other payments are  
23 transferred to an account at a financial institution as  
24 described in section 1.1:

- 25 (1) the financial institution holding the account to  
26 which transfers are made shall provide the employee or other  
27 payee with the disclosures, notices of transfer, change in  
28 term notices, access to account information and other  
29 consumer protections to the extent required by 12 CFR [Part]  
30 Pt. 1005 (relating to electronic fund transfers (Regulation

1 E)) and 83 Fed. Reg. 30, 6364 (February 13, 2018) (relating  
2 to rules concerning prepaid accounts under the Electronic  
3 Fund Transfer Act (Regulation E)); and

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

7 Section 2. Section 2.1(4) and (9) of the act are amended and  
8 the section is amended by adding a paragraph to read:

9 Section 2.1. Payroll card accounts.

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

14 \* \* \*

15 (4) Prior to [obtaining an employee's authorization,  
16 the] enrolling an employee in a payroll account, the employer  
17 shall provide the employee with clear and conspicuous notice  
18 relating to payroll cards issued under paragraph (1), in  
19 writing or electronically, of all of the following:

20 (i) All of the employee's wage payment options. The  
21 disclosure under this subparagraph shall include a  
22 statement substantially similar to any of the following:

23 (A) "You do not have to accept this payroll  
24 card. Ask your employer about other ways to receive  
25 your wages."

26 (B) "You have several options to receive your  
27 wages: (list of options available to the employee,  
28 including direct deposit into a checking account of  
29 the employee's choosing) or this payroll card. Tell  
30 your employer which option you choose."

1 (ii) The terms and conditions of the payroll card  
2 account option, including the fees that may be deducted  
3 from the employee's payroll card account by the card  
4 issuer.

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

7 (iv) The methods available to the employee for  
8 accessing wages without fees.

9 \* \* \*

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

17 \* \* \*

18 (11) In addition to the restrictions on payroll card  
19 accounts specified under this section, if an employer removes  
20 the option for an employee to receive payment by both lawful  
21 money and check and makes payment to employees by a payroll  
22 card account established at a financial institution  
23 designated by the employer in accordance with section 1.1(b)  
24 and (c), the following shall apply:

25 (i) The employer may not use a payroll card account  
26 that charges fees for the overdraft of the payroll card  
27 account.

28 (ii) In lieu of the limits on fees specified under  
29 paragraph (5)(ii), the payroll card account shall provide  
30 the employee with the ability, without charge by the card

1           issuer, to make two in-network ATM withdrawals each pay  
2           period or one such withdrawal weekly if the employee is  
3           paid more frequently than weekly.

4           Section 3. The addition of section 2.1(11) of the act shall  
5 not apply to payroll card accounts provided to employees before  
6 the effective date of this section.

7           Section 4. This act shall take effect in 60 days.