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## A BILL FOR AN ACT

RELATING TO PAYMENT OF WAGES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 388-2, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "§388-2 Semimonthly payday[-]; method of payment of wages.  
4 (a) Every employer shall pay all wages due to the employer's  
5 employees at least twice during each calendar month, on regular  
6 paydays designated in advance by the employer, in lawful money  
7 of the United States [~~e~~], with checks convertible into cash on  
8 demand at full face value thereof[+], or by direct deposit to  
9 the employee's account at a financial institution as provided in  
10 subsection (d); provided that when a majority of an employer's  
11 employees or a majority of the employees in a collective  
12 bargaining unit recognized by an employer or established by law  
13 elect, in a secret ballot election under procedures approved by  
14 the director of labor and industrial relations, to be paid once  
15 a month on a regularly scheduled basis, the employees shall be  
16 paid on such monthly basis. The elections shall not be held  
17 more frequently than once in every two years and each election  
18 shall be valid for a period of two years.



1           (b) The earned wages of all employees shall be due and  
2 payable within seven days after the end of each pay period.

3           (c) The director may, upon application showing good and  
4 sufficient reasons, permit an employer to:

5           (1) Establish regular paydays less frequently than  
6                 semimonthly provided that the employee shall be paid  
7                 in full at least once each calendar month on a  
8                 regularly established schedule;

9           (2) Pay earned wages within fifteen days after the end of  
10                each pay period.

11           (d) An employer may pay wages due to the employer's  
12 employees by electronic funds transfer or similar means of  
13 direct deposit to the employee's account at a financial  
14 institution; provided that:

15           (1) The employee has voluntarily authorized, in writing,  
16 the direct deposit to the account and financial  
17 institution of the employee's choice;

18           (2) The deposits and accounts of the financial institution  
19 selected are insured by the Federal Deposit Insurance  
20 Corporation or any other comparable federal or state  
21 agency;



1       (3) The employee may cancel the direct deposit at any time  
2           with reasonable notice;

3       (4) The employer shall provide a pay statement as required  
4           under section 388-7(4);

5       (5) No employee shall be required to pay any costs or fees  
6           for the direct deposit; and

7       (6) No employee may be disciplined or otherwise penalized  
8           for authorizing or refusing to authorize direct  
9           deposit of wages.

10       (e) An employer shall not pay wages due to the employer's  
11       employees by use of a pay card, debit card, automated teller  
12       machine card, or similar means of an electronic payment card  
13       onto which an employer, or an entity on an employer's behalf,  
14       transfers or loads the employee's wages."

15       SECTION 2. Section 388-5.5, Hawaii Revised Statutes, is  
16       amended to read as follows:

17       "§388-5.5 Payment of wages by check[-] or direct deposit.

18       Whenever an employee receives the employee's wages from the  
19       employee's employer in the form of a check or by direct deposit  
20       for which insufficient amounts are available in the bank account  
21       of the employer, the employer shall be liable for any bank's



1 special handling fee which the employee may incur by reason of  
2 negotiating the check[-] or the electronic transfer."

3 SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Kal Rhoads

JAN 17 2014



# H.B. NO. 1814

**Report Title:**

Direct Deposit; Wages; Methods of Wage Payment

**Description:**

Clarifies that employers may pay wages by direct deposit under certain conditions. Prohibits employers from paying wages by pay cards, debit cards, or similar means of electronic payment card. Makes employers responsible for any fees incurred if an employer has insufficient funds for the direct deposit.

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