

Honolulu, Hawaii

February 6, 2014

RE: H.B. No. 1814  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1814 entitled:

"A BILL FOR AN ACT RELATING TO PAYMENT OF WAGES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Permit employers to pay wages due to employees by direct deposit under certain requirements;
- (2) Prohibit employers from paying wages due to employees by a pay card, debit card, automated teller machine card, or similar means of an electronic payment card; and
- (3) Make an employer responsible for any fees incurred if the employer has insufficient funds for the direct deposit.

The Department of Labor and Industrial Relations and Hawaii Progressive Democrats provided testimony in support of this measure. The Chamber of Commerce of Hawaii, American Payroll Association, and Hawaii Bankers Association provided testimony in opposition to this measure. The Office of Consumer Protection of the Department of Commerce and Consumer Affairs provided comments on this measure.



Your Committee notes that the payment of wages via electronic payment card may subject employees to a variety of hidden costs and present difficulties to employees who may not use the same financial institution as the one providing the electronic payment card. Your Committee is cognizant of advances in technology in the banking industry and has amended this measure to provide protections for employees who choose to receive their wages by electronic payment cards. Further, in light of recent security breaches that have compromised personal information, your Committee has required that employers who choose to pay wages to employees by means of an electronic payment card provide safeguards for employees who receive their wages in such a manner.

Accordingly, your Committee has amended this measure by permitting an employer to pay wages by pay card, debit card, automated teller machine card, or similar means of an electronic payment card under the following circumstances:

- (1) An employer shall not mandate that an employee use an electronic payment card;
- (2) The employee shall not pay any of the costs or fees for the withdrawal of earned wages;
- (3) The employer shall assume or otherwise absorb fees or costs imposed by a financial institution for the use of an electronic payment card;
- (4) The employer shall comply with recordkeeping requirements;
- (5) The employee may cancel the use of an electronic payment card with reasonable notice;
- (6) The employer shall make available to the employee the employee's balance and certain records; and
- (7) The employer shall provide liability protections against fraud and identity theft associated with the use of an employer-issued electronic payment card.

Your Committee also made technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this



report, your Committee is in accord with the intent and purpose of H.B. No. 1814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1814, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



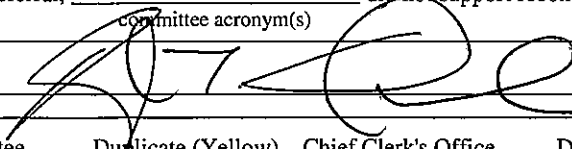
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MARK M. NAKASHIMA, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: <b>HB 1814</b>	Committee Referral: <b>LAB, CPC</b>	Date: <b>2-4-14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>LAB Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. NAKASHIMA, Mark M. (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.				/
4. ICHIYAMA, Linda	/			
5. TAKAYAMA, Gregg	/			
6. ING, Kaniela				/
7. TAKUMI, Roy M.	/			
8. YAMANE, Ryan I.				/
9. JOHANSON, Aaron Ling	/			
<b>TOTAL (9)</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				