

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1814
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1814, H.D. 1, 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) Clarify that employers may pay wages by direct deposit under certain conditions;
- (2) Prohibit employers from paying wages due to employees by pay cards, debit cards, automated teller machine cards, or similar means of electronic payment cards under certain circumstances; and
- (3) Make employers responsible for any fees imposed by a financial institution for the employee's use of a pay card, debit card, automated teller machine card, or similar means of electronic payment card.

The Department Of Labor and Industrial Relations, Office of Community Services, Department of Commerce and Consumer Affairs, Hawaii Laborers' Union, Sally Beauty Holdings, ILWU Local 142, and an individual testified in support of this measure. The Chamber of Commerce Hawaii, American Payroll Association, Hawaii Bankers Association, Hawaii Financial Services Association, and Visa



testified in opposition of this measure. First Data and Seven-Eleven Hawaii, Inc. provided comments on this measure.

Your Committee has amended this measure by, among other things:

- (1) Adding definitions for "pay card" and "pay card account";
- (2) Removing references to debit and automated teller machine cards from the measure;
- (3) Specifying that an employer may pay wages due to the employer's employees by use of a pay card or similar means of electronic payment card under certain circumstances;
- (4) Amending the criteria that must be met to pay wages by use of a pay card or similar means of electronic payment card to include that:
 - (A) The employee has voluntarily authorized, in writing, the payment of wages using a pay card or other similar means of electronic payment card;
 - (B) The pay card issued to the employee must be a network branded pay card;
 - (C) The employee must have the ability to withdraw the employee's full net wages at least once per payroll period without incurring any costs or fees;
 - (D) The employer must assume or otherwise absorb any fees or costs imposed by a financial institution for certain services;
 - (E) None of the employer's costs associated with the pay card account may be passed on to its employees;
 - (F) The employer must ensure that the employee is provided liability protections against fraud associated with the use of an employer issued pay card or similar means of an electronic pay card; and



- (G) The employer must provide an employee a written notice form specifying certain information when offering an employee the option of receiving wages using a pay card or similar means of an electronic payment card;
- (5) Specifying that the Money Transmitters Act shall not apply to the use of pay cards as a means of paying wages under certain circumstances;
- (6) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (7) Making 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1814, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1814, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



