



Payroll Cards- *Does your state have special rules on the use of payroll cards?*

Federal law- Under federal law, the Electronic Fund Transfer Act (EFTA) and its corresponding Regulation E govern matters related to direct deposits and payroll cards. Payroll cards have become increasingly popular with some employers, financial institutions, and payroll service providers. On September 12, 2013, the Consumer Financial Protection Bureau (CFPB) issued a bulletin restating the current law that employers may not require that their employees receive their wages by electronic transfer to a payroll card account. An employer may, however, offer employees the choice of receiving their wages on a payroll card or receiving it by some other means. Permissible alternative wage payment methods are governed by state law, but may include direct deposit to an account of the employee's choosing, a paper check, or cash. The protections in Regulation E for consumers who receive wages on a payroll card are similar to, with a few exceptions, protections available to consumers who receive their wages by direct deposit.

State	Main provisions of law	Covered employers
AL	Alabama does not have any law restricting a private employer from paying via a payroll card.	There is no provision for this topic in this state.
AK	No law.	There is no provision for this topic in this state.
AZ	If an employee does not consent to direct deposit to a financial institution after an employer offers, the employer may direct deposit to the employee's credit to a payroll card account. • <i>Citation: A.R.S. §23-351(D).</i>	All employers.
AR	All employees shall be paid in currency, by check, or by electronic direct deposit into the employee's account. However, it is possible that a payroll card could be considered payment by "check." • <i>Citation: Ark. Code Ann. §11-4-402(b)(1)(A).</i>	There is no provision for this topic in this state.
CA	Yes, there are restrictions. Any payroll card must comply with California law governing the payment of wages, including Labor Code 212, 213, 226, and 1174. The details are set forth in those sections. Payroll cards must, among other things, be voluntarily authorized by the employee, and the employee must be able to withdraw his/her wages in cash without any cost to the employee at an established place of business in the state. On every payday, the employer must furnish its employees an accurate itemized statement of wages as detailed in Labor Code section 226. Pursuant to Labor Code section 1174(b), the employer must also maintain payroll records at a central location in the state or at the establishments at which employees are employed. Labor Code 212 provides: "No person, or agent or officer thereof, shall issue in payment of wages due, or to become due, or as an advance on wages to be earned: (1) Any order, check, draft, note, memorandum, or other acknowledgment of indebtedness, unless it is negotiable and payable in cash, on demand, without discount, at some established place of business in the state, the name and address of which must appear on the instrument, and at the time of its issuance and for a reasonable time thereafter, which must be at	There is no provision for this topic in this state.

	<p>least 30 days, the maker or drawer has sufficient funds in, or credit, arrangement, or understanding with the drawee for its payment. (2) Any scrip, coupon, cards, or other thing redeemable, in merchandise or purporting to be payable or redeemable otherwise than in money. (b) Where an instrument mentioned in subdivision (a) is protested or dishonored, the notice or memorandum of protest or dishonor is admissible as proof of presentation, nonpayment and protest and is presumptive evidence of knowledge of insufficiency of funds or credit with the drawee. (c) Notwithstanding paragraph (1) of subdivision (a), if the drawee is a bank, the bank's address need not appear on the instrument and, in that case, the instrument shall be negotiable and payable in cash, on demand, without discount, at any place of business of the drawee chosen by the person entitled to enforce the instrument." Labor Code 213 allows the use of electronic deposits which the employee has voluntarily authorized. Labor Code section 213 provides in part: "213. Nothing contained in Section 212 shall... (d) Prohibit an employer from depositing wages due or to become due or an advance on wages to be earned in an account in any bank, savings and loan association, or credit union of the employee's choice with a place of business located in this state, provided that the employee has voluntarily authorized that deposit. If an employer discharges an employee or the employee quits, the employer may pay the wages earned and unpaid at the time the employee is discharged or quits by making a deposit authorized pursuant to this subdivision, provided that the employer complies with the provisions of this article relating to the payment of wages upon termination or quitting of employment." • <i>Citation:</i> Cal. Lab. Code §§212, 213, 226, and 1174</p>	
CO	Employers may pay wages on a pay card as long as the employee has free means of access to the full amount of net pay at least once each pay period or the employee is given the option of receiving pay by paycheck or direct deposit. • <i>Citation:</i> C.R.S. §8-4-102(2.5).	Private employers.
CT	Payment by payroll card may be authorized under CT DOL Advisory.	There is no provision for this topic in this state.
DE	No law.	There is no provision for this topic in this state.
DC	Employers may only use payroll debit cards if employees voluntarily give written authorization. • <i>Citation:</i> D.C. Code §32-1301 et al.	Private employers.
FL	Effective July 1, 2009, Florida law was amended to include payroll debit cards on the list of permissible methods of wage payment. SB 456 modified the manner in which day laborers must be paid and the methods for labor pools required to compensate day laborers. Labor pools are defined under Florida law as a business that operates a labor hall in one of several ways delineated in the law, revolving around the use of day laborers. The legislation provides for certain notice requirements and guidelines for payment by debit card. It also authorizes electronic delivery of wage statements to day laborers upon request. • <i>Citation:</i> FSA Â§ 532.01.	All employers.

GA	No special rules.	There is no provision for this topic in this state.
HI	No law.	There is no provision for this topic in this state.
ID	Idaho does not have law expressly restricting a private employer from paying via a payroll card. • <i>Citation:</i> Idaho Code §45-608(1).	All employers.
IL	<p>An employer cannot require an employee be paid via payroll card. However, an employer can use payroll cards if they obtain the employee's written or electronic voluntary consent. The employer must provide the employee with a clear and conspicuous written disclosure notifying the employee that payment by payroll card is voluntary and listing the other methods of payment offered by the employer. The written disclosure must also include the following: (1) an itemized list of all fees that may be deducted from the employee's payroll card account by the employer or payroll card issuer; (2) a notice that third parties may assess transaction fees in addition to the fees assessed by the employee's payroll card issuer; and (3) an explanation of how the employee may obtain, at no cost, the employee's net wages, check the account balance, and request to receive paper or electronic transaction histories. The employer's payroll card program must provide the employee with at least one free method of withdrawing the employee's full net wages from the payroll card once per pay period, but not less than twice per month, at a readily available location. The employer's payroll card program must also provide free at the employee's request one paper or electronic transaction history each month that includes all deposits, withdrawals, deductions, or charges by any entity to/from the employee's payroll card. The employee must also have free unlimited telephone access to obtain the payroll card account balance at any time. The payroll card program may not charge fees for point of sale transactions, the application, initiation, loading of wages by the employer, or participation in the payroll card program. The payroll card program must also offer the employee 2 free declined transactions per month. Commercially reasonable fees, limited to cover the costs to process declined transactions, may be assessed on subsequent declined transactions within that particular month. The payroll card or payroll card account may not be linked to any form of credit including, but not limited to, overdraft fees or overdraft service fees, a loan against future pay, or a cash advance on future pay for work not yet performed. The payroll card must provide the employee with protections from unauthorized use of the payroll card in accordance with State and federal law concerning electronic fund transfers. If an employee requests to no longer be paid via payroll card, the employer must comply within 2 pay periods. • <i>Citation:</i> 820 ILCS 115/14.5.</p>	All private employers and local governments, but not state and federal governments.
IN	Employers may make direct deposit mandatory, but no statute is directly on point. The Indiana Department of Labor has also informally stated in wage and hour FAQs that payroll cards are an acceptable means of payment but, again, no law directly addresses this. • <i>Citation:</i> I.C. §22-2-5-1.	There is no provision for this topic in this state.

IA	Payroll cards are likely permissible so long as the employer obtains the employee's written consent. Employees hired on or after July 1, 2005, may be required, as a condition of employment, to participate in direct deposit, subject to conditions specified in the statute. • <i>Citation:</i> Iowa Code §91A.3.	All employers.
KS	Employers choosing a payroll card method of payment must allow employees a free means of payment and must allow employees a free means of fund withdrawal per pay period. Also, employers using a payroll card method for payment (or the electronic fund transfer method) must conduct forums or distribute educational information to educate employees about the payroll card method of payment. • <i>Citation:</i> Kan. Stat. Ann. §44-314.	All employers.
KY	There are no special rules; however, an employer who wishes to use payroll cards should be careful how the payroll card plan is administered. Use of payroll cards does not exempt an employer from the statutory requirements for timing of payment under KRS §337.020, nor does it exempt an employer from the statutory prohibition on withholding of wages as set forth in KRS §337.060. To the extent that fees are associated with a payroll card account, employers should be aware that assessment of fees to employees could cause an employer to run afoul of the above-referenced statutory provisions. • <i>Citation:</i> KRS §§337.020, 337.060.	There is no provision for this topic in this state.
LA	No special rules.	There is no provision for this topic in this state.
ME	Mandatory payroll cards and other forms of electronic transfer are permitted so long as the employee can withdraw the employee's entire net pay without additional costs or can choose another form of payment without additional costs. • <i>Citation:</i> 26 M.R.S.A. §663(5).	There is no provision for this topic in this state.
MD	With the employee's authorization, an employer may pay the employee via a payroll debit card, provided that any fees applicable to the debit card are disclosed in at least 12 point font. • <i>Citation:</i> MD Code Ann. Lab & Emp. §3-502.	There is no provision for this topic in this state.
MA	Employers who contract with staffing agencies for part-time or temporary employees may not charge the employees a fee to provide a payroll card that is greater than its actual cost per employee for the service. • <i>Citation:</i> Mass. Gen. Laws ch. 149, §159C(c)(3). In addition, the employee must be able to have access to the entire amount of the paycheck, as would be the case if the employee were issued a paper check.	There is no provision for this topic in this state.
MI	Effective December 21, 2010, Michigan employers may require employees to receive wages through direct deposit or payroll debit card if certain information is provided. Employers may pay wages by issuing a payroll debit card only if the card allows at least one weekly withdrawal or transfer without charge, provides for an unlimited number of free balance inquiries, and meets other requirements. The employer is required to give the employee written disclosure of the following items concerning the payroll debit card: the terms and conditions for use (including an itemized list of any and all fees); the methods for gaining access to wages without charge; a statement that, if the card were used outside of the specified network of ATMs, both the card issuer and the ATM operator could impose charges; the methods to obtain free balance inquiries; the employee's	There is no provision for this topic in this state.

	right to elect to change the method of receiving wages at any time; and a statement that the payroll debit card would not provide access to a savings or checking account. • <i>Citation:</i> 2010 MI HB5821; MI Pub. Ch. 323; MCL 408.476.	
MN	Employers are allowed to pay employees by transferring the employee's net wages to a payroll card account, if the employee first gives written consent, but the employer must still provide a written statement of earnings and deductions made. When offering the option of payment via payroll card account, employers must provide written disclosure to employees of all payment options. The employer must also provide a free transaction history each month, on the employee's oral or written request. • <i>Citation:</i> Minn. Stat. §177.255; §181.032.	All employers.
MS	No special rules.	There is no provision for this topic in this state.
MO	No law.	There is no provision for this topic in this state.
MT	The employer may use payroll cards if the employee has the option to receive the full amount of wages via a check or cash; the employee consents to the use of the debit card; the employer provides clear guidelines on charges associated with the use of the card; full wages can be accessed in cash without incurring fees on the initial withdrawal; and the employee receives in writing or electronically an itemized list of deductions and authorized withholdings from the wages. • <i>Citation:</i> http://erd.dli.mt.gov/labor-standards/wage-and-hour-wage-payment-act/5-erd/labor-standards/164-electronic-wage-payments-in-Montana-faqs.html	All employers.
NE	Effective January 1, 2015, the Nebraska Wage Payment and Collection Act is amended to provide that, when a Nebraska employer elects to pay wages with a payroll debit card, the employer must comply with the requirements prescribed in the federal Electronic Fund Transfer Act, including all compulsory-use requirements. The employer must allow an employee at least one means of fund access withdrawal per pay period, but not more frequently than once per week, at no cost to the employee for an amount up to and including the total amount of the employee's net wages. Employers are prohibited from requiring an employee to pay any fees or costs incurred by the employer in connection with the payment of wages via a payroll debit card, when the employer mandates payment of wages with a payroll debit card. However, if the employee requests this form of payment and it is provided by the employer, the employee may be liable for any costs incurred in connection with the employee-requested payroll debit card.	There is no provision for this topic in this state.
NV	An employer may use an electronic payment system, including a payroll debit card or similar payment system, if: (a) the employee can obtain immediate payment in full; (b) the employee receives at least one free transaction per pay period and any fees or other charges are prominently disclosed to and subject to the written consent of the employee; (c) the payroll card or alternative payment is easily and readily accessible to the employee; (d) there are no other requirements or restrictions that a reasonable person would find to be an unreasonable burden or inconvenience; and (e) the use of a payroll card or	All employers.

	electronic payment system is optional at the election of the employee. • <i>Citation:</i> NAC 608.135.	
NH	If an employer offers its employees the option of receiving wages by a payroll card, the employer shall provide to the employee written disclosure in plain language of all of the employee's wage payment options. The written disclosure shall state the terms and conditions of the payroll card account option including, but not limited to, the requirements set forth in this section and a complete itemized list of all known fees that may be deducted from the employee's payroll card account by the employer or card issuer. The disclosure shall also state whether third parties may assess transaction fees in addition to the fees assessed by the employee's payroll card issuer or issuers. In no event shall the employer provide payment of wages to a payroll card that has an expiration date, unless the employer agrees to provide a replacement payroll card before the expiration date at no cost to the employee. • <i>Citation:</i> N.H. Rev. Stat. Ann. §§275:43, II.	All employers.
NJ	Employers may institute a payroll debit card only if the individual employee consents to such method of payment. Employees who consent to the payroll debit card system must be given at least one occasion per pay period to withdraw their wages in full using the payroll debit card without any fee. • <i>Citation:</i> N.J.A.C. 12:55-2.4.	All employers.
NM	Wages "shall be paid" by cash or check "or, with the voluntary authorization of the employer, employee, and financial institution, by deposit to the account of the employee in any bank, savings and loan institution, credit union, or other financial institution authorized by the United States or one of the several states to receive deposits in the United States." Thus, the use of a payroll debit card would appear to be lawful if the employee agrees and the funds are deposited in a financial institution as defined by statute. • <i>Citation:</i> NMSA 1978, §50-4-2 (2005).	There is no provision for this topic in this state.
NY	New York has no special rules regarding the use of payroll cards. However, an employer that issues a payroll card requiring an employee to incur an expense, such as a service charge, to access his or her wages or salary might run afoul of the March 2008 publication of the New York State Department of Labor titled "Guidelines: Direct Deposit of Wages in a Bank or Financial Institution."	There is no provision for this topic in this state.
NC	It is the administrative enforcement position of the North Carolina Department of Labor's Wage and Hour Bureau that the payment of employees by "Debit/Payroll Card" is an acceptable form of payment for North Carolina employers as long as both conditions are met: 1) The employee can withdraw all monies due on payday. 2) One-time use of the card by the employee on payday is at no cost to the employee.	There is no provision for this topic in this state.
ND	Employers may require direct deposit of paychecks in the financial institution of the employee's choice. If an employer also offers wage payment with a pay card (stored value card), the employee may elect to be paid with a pay card rather than by direct deposit. • <i>Citation:</i> N.D.C.C. §34-14-02.	There is no provision for this topic in this state.
OH	No law.	There is no provision for this topic in this state.

OK	Employers may not require employees to accept payment through a payroll card, but may offer it as a payment option.	There is no provision for this topic in this state.
OR	Wages may be paid through a direct deposit system, ATM card, payroll card, or other means of electronic transfer. An employee paid via a payroll card must be permitted to withdraw the entire amount of net pay without cost to the employee and choose to use another means of payment of wages that involves no cost to the employee. An agreement to use a payroll card must be optional and made in the language that the employer principally uses to communicate with the employee. Employers must provide employees with an itemized paystub every pay period. • <i>Citation:</i> ORS 652.110.	All employers.
PA	No law. But see <i>Gunshannon v. Albert / Carol Mueller T-A McDonalds</i> , No. 2013-07010 (Luzerne County Court of Common Pleas, June 13, 2013), which challenges use of payroll debit cards.	There is no provision for this topic in this state.
RI	No law.	There is no provision for this topic in this state.
SC	No special restrictions.	There is no provision for this topic in this state.
SD	There is no statute that specifically permits a payroll card. Every employer shall pay all wages due to employees at least once each calendar month unless otherwise provided by law, or on regular agreed paydays designated in advance by the employer, in lawful money of the United States. An employer may pay wages by check, cash, or direct deposit to the employee's bank account, unless an employer and employee agree to another form of payment. Accordingly, if an employer and employee agree to a payroll card, it would be allowed. • <i>Citation:</i> SDCL §60-11-9.	There is no provision for this topic in this state.
TN	An employer who chooses to compensate its employees using prepaid debit cards shall also give employees the choice of being paid by electronic transfer. If after the employer has explained this system to an employee and provided full written disclosure of any applicable fees associated with the prepaid debit card and the employee does not designate an account at a financial institution in advance and as required by the employer for the payroll transfer to occur, then the employer may arrange to pay such employee by prepaid debit card. If an employer pays its employees their wages on a prepaid debit card, then such employer shall insure that each employee shall have the ability to make at least one (1) withdrawal or transfer from the prepaid debit card per pay period without cost to the employee for any amount contained on the card. • <i>Citation:</i> Tenn. Code Ann. §50-2-103(e); Atty. Gen. Op. 86-94.	Private employers with at least 5 employees.
TX	No law.	There is no provision for this topic in this state.
UT	There is no statute that specifically permits a payroll card. Utah Code §34-28-3(1)(e) requires that an employee be paid "(i) in lawful money of the United States; (ii) by a check or draft on a depository institution...; or (iii) by electronic transfer to the depository institution designated by the employee." Thus, a payroll card is only permissible if it falls into one of those	There is no provision for this topic in this state.

	categories. The card may qualify as a draft, but to be a permissible draft it must be “negotiable and payable in cash, on demand, without discount, at a depository institution” and must bear the name and address of the depository institution on the instrument. • <i>Citation:</i> Utah Code §34-28-3(1)(e).	
VT	With the written authorization of an employee, an employer may pay wages due an employee via a credit to a payroll card account. The employer must provide the employee with written disclosure of the employee’s wage payment options and the terms and conditions of the payroll card account option. Payment via the payroll card cannot be a condition for hire or continued employment. There are also additional requirements regarding costs/charges associated with the card, the type of card, notices the employer must provide to the employee, withdrawals from the account and termination of employment issues. If an injured worker voluntarily consents in writing, the worker may be paid compensation benefits by means of direct deposit or an electronic prepaid benefit card account, however, an electronic prepaid benefit card account may be used only for weekly payment of temporary benefits and not for the payment of a lump sum award or for permanent benefits. • <i>Citation:</i> 21 V.S.A. §342(c)(2) and 21 V.S.A. §342(d).	All employers.
VA	For employees hired after January 1, 2010, an employer that elects not to pay wages in cash or check may pay wages or salaries by credit to a prepaid debit card or card account, even though such employee has not given affirmative consent to such payment. If the employee fails to designate an account for direct deposits, the employer may arrange for such prepaid debit card or card account to be issued through a network system through which the employee shall have the ability to make at least one free withdrawal or transfer per pay period. • <i>Citation:</i> VA Code §40.1-29(B).	There is no provision for this topic in this state.
WA	No law.	There is no provision for this topic in this state.
WV	Employers subject to the WPCA: Employers subject to the West Virginia Wage Payment and Collection Act may pay employees by deposit into a payroll card account, provided that the employer and its respective employees agree in writing to such means of depositing wages. • <i>Citation:</i> WPCA: W. Va. Code §21-5-3(b)(3).	There is no provision for this topic in this state.
WI	No law.	There is no provision for this topic in this state.
WY	Wyoming law does not address the use of payroll cards in any respect, but Wyoming regulations do require that employees be provided or have the capability to print, at work, a payroll report showing hours worked, gross wages, deductions, and net wages. The Wyoming Department of Employment informally takes the enforcement position that payroll cards are an acceptable substitute for paychecks, provided the employee can draw cash from the card at least once without incurring a fee.	There is no provision for this topic in this state.