

HOUSE BILL REPORT

EHB 2442

As Passed House:
February 17, 2014

Title: An act relating to electronic salary and wage payments by counties.

Brief Description: Concerning electronic salary and wage payments by counties.

Sponsors: Representatives Moscoso, Robinson, Ryu, Tarleton, Stanford and Tharinger.

Brief History:

Committee Activity:

Local Government: 1/27/14, 2/3/14 [DP].

Floor Activity:

Passed House: 2/17/14, 84-13.

Brief Summary of Engrossed Bill

- Authorizes counties, if they are disbursing employee salaries and wages electronically in accordance with written requests from 25 or more employees, to use an electronic payment method for all county employees.
- Specifies that the use of an electronic payment method for all county employees must be approved, by ordinance, by the county legislative authority.
- Directs the Washington State Institute for Public Policy to conduct a study of counties that, in accordance with previously received requests from employees for the use of electronic payment methods, elect to disburse salary and wages electronically or through alternate methods for all employees.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives Takko, Chair; Gregerson, Vice Chair; Kochmar, Assistant Ranking Minority Member; Farrell, Fitzgibbon, Pike and Springer.

Minority Report: Do not pass. Signed by 2 members: Representatives Overstreet, Ranking Minority Member; Taylor.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Ethan Moreno (786-7386).

Background:

With limited exceptions, a state office or a political subdivision of the state, including counties and cities, may pay salaries or wages directly to the financial institutions of their employees if at least 25 of their employees have requested, in writing, to receive compensation in this manner.

Legislation adopted in 2013 (Senate Bill 5770, enacted as Chapter 164, Laws of 2013) enabled conservation districts to, on their own initiative, deposit salaries, wages, and other approved financial reimbursements of employees and contractors in the financial institutions of the employees and contractors.

Summary of Engrossed Bill:

Counties, if they are disbursing employee salaries and wages electronically in accordance with received written requests from 25 or more employees, may elect to use an electronic payment method for all employees. The use of an electronic payment method for all employees must be approved, by ordinance, by the county legislative authority.

The Washington State Institute for Public Policy (WSIPP) must conduct a study of counties that, in accordance with previously received requests from 25 or more employees for the use of electronic payment methods, elect to disburse salary and wages electronically or through alternate methods for all employees. Among other provisions, the study must identify:

- the percentages of county employees who receive salaries and wages electronically through payment to employees' financial institutions;
- the percentages of county employees who do not have an account in a financial institution and who receive payment by alternate methods such as payroll cards; and
- whether, for county employees who do not have an account in a financial institution and who receive payment by alternate methods such as payroll cards, the alternate methods are subject to a fee or charge, and if so, the amount of the fee or charge.

The WSIPP must report its findings to the Legislature by December 31, 2014.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill was introduced at the request of Snohomish County. Snohomish County, as with the state, is seeking to operate efficiently. This bill will save the county \$40,000 and 1,600 staff hours annually. Currently, 85 percent of all Snohomish County employees receive electronic paychecks.

The legislation provides an option to the county to issue all paychecks electronically. If a county chooses to exercise this option, the county must adopt an ordinance—this requires a public hearing. Higher education institutions recently received the authority to exercise the electronic option called for in this bill without a required ordinance and associated public participation. If an employee does not have a bank account, an individual could use a payroll card as a debit card, or could withdraw the amount as cash. This bill represents an attempt to include employee protections. While this bill is best for Snohomish County, it may not be best for all counties.

(Opposed) None.

Persons Testifying: Representative Moscoso, prime sponsor; and Briahna Taylor, Snohomish County.

Persons Signed In To Testify But Not Testifying: None.