
HOUSE BILL 2505

State of Washington 64th Legislature 2016 Regular Session

By Representatives G. Hunt, Kirby, Shea, and Ormsby

Read first time 01/14/16. Referred to Committee on Labor & Workplace Standards.

1 AN ACT Relating to payroll cards; and adding a new chapter to
2 Title 19 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that payroll cards
5 are account access devices used by some employers to pay employees
6 their wages. Such cards often carry fees that are much higher than
7 those associated with other forms of wage payment, such as cash,
8 check, or direct deposit.

9 The legislature further finds that federal law, including the
10 electronic funds transfer act, the credit card accountability
11 responsibility and disclosure act (credit CARD act), and their
12 implementing regulations, evidence the intent of the federal
13 government to protect consumers from abusive fees and practices of
14 card issuers. The United States congress has also evidenced its
15 intent that the electronic funds transfer act should regulate payroll
16 card fees through the credit CARD act's prohibition on service fees
17 and inactivity fees on general use prepaid cards. Through the credit
18 CARD act, congress has opened the door for states to regulate
19 financial institutions' fees on payroll cards.

20 The legislature declares that employees should not have to bear
21 onerous fees to collect the wages they have earned. Employees should

1 be able to access their wages at automated teller machines and they
2 should not have to pay a fee just to keep their cards active. Neither
3 should employees be forced to pay when their cards are declined and
4 account balance information should be available free of charge.

5 NEW SECTION. **Sec. 2.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires
7 otherwise.

8 (1) "Balance inquiry fee" means a fee charged to provide the
9 remaining balance on a payroll deposit account.

10 (2) "Consumer" means an employee whose wages are paid to a
11 payroll deposit account.

12 (3) "Declined transaction fee" means a fee charged to a consumer
13 when a card transaction at an automated teller machine or point of
14 sale is declined due to insufficient funds in a payroll deposit
15 account. "Declined transaction fee" does not include a fee for
16 overdraft service in which the transaction is executed resulting in a
17 negative balance in the payroll deposit account.

18 (4) "Financial institution" means any bank, credit union, trust
19 company, money transmitter, payroll service provider, or any other
20 person holding or acting as custodian or servicer of a payroll
21 deposit account or issuer of a payroll card.

22 (5) "Issuer" means a financial institution or other entity that
23 issues a payroll card to a consumer.

24 (6) "Maintenance fee" means a recurring periodic fee charged on a
25 payroll deposit account incurred for each period in which the account
26 remains open.

27 (7) "Payroll card" means a prepaid card, code, or other means
28 used by a consumer to access wages in a payroll deposit account.

29 (8) "Payroll deposit account" means an account that is directly
30 or indirectly established through an employer and to which electronic
31 funds transfers of the consumer's wages, salary, or other employee
32 compensation are made on a recurring basis, whether the account is
33 operated or managed by the employer, a third-party payroll processor,
34 a depository institution, or any other person.

35 NEW SECTION. **Sec. 3.** (1) No person may issue a payroll card
36 unless the provisions of this section are met as to that payroll
37 card.

1 (2) A financial institution must provide access to one or more
2 automated teller machines that offer withdrawals from the payroll
3 deposit account at no cost to the consumer.

4 (3) A financial institution may not charge to a consumer,
5 directly or indirectly, any of the following fees on a payroll
6 deposit account:

- 7 (a) A maintenance fee;
- 8 (b) A declined transaction fee; or
- 9 (c) A balance inquiry fee.

10 NEW SECTION. **Sec. 4.** (1) An agreement made in violation of the
11 provisions of this chapter or requiring any person to violate this
12 chapter is contrary to public policy and is void and unenforceable.

13 (2) This chapter applies to agreements and transactions made on
14 or after January 1, 2017.

15 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act
16 constitute a new chapter in Title 19 RCW.

17 NEW SECTION. **Sec. 6.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

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