

BILL ANALYSIS

C.S.H.B. 2240
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International Relations & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been reported that the payment of wages through payroll card accounts may be a beneficial option for employees without bank accounts, particularly during a natural disaster or other circumstances that make it difficult for such employees to collect physical checks. C.S.H.B. 2240 seeks to provide such an option by authorizing employers to pay wages using a payroll card account and setting out related requirements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2240 amends the Labor Code to authorize an employer to elect to pay wages to an employee through a payroll card account plan that is linked to a federally insured financial institution and uses electronic funds transfer to deposit wages in the employee's payroll card account. The bill requires an employer who elects to pay wages through such an account to do the following:

- not later than the 60th day before the date of the first electronic funds transfer to the payroll card account of an affected employee or, for an employee hired after the date the employer adopts the plan, not later than the employee's first day of work:
 - notify the employee in writing regarding the employer's adoption of such a plan;
 - provide to the employee a complete list of all fees associated with the employee's account in English, or, if the employer offers an account to an employee in a language other than English, in that other language; and
 - provide to the employee a form the employee may use to request an alternate form of payment if the employee elects to opt out of the plan;
- obtain from the employee any information required by the account issuer that is necessary to implement the electronic funds transfer; and
- for an employee who requests an alternate form of payment, pay the employee's wages in the alternate form as soon as practicable but not later than the first payday occurring after the 30th day after the employee requests the alternate form of payment.

C.S.H.B. 2240 clarifies that an employer who pays wages to an employee by the electronic transfer of funds must transfer the funds to a financial institution designated by the employee or to a payroll card account.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2240 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the type of employee-designated account to which wages may be paid by electronic transfer from a bank account to a financial institution account and includes a specification that an authorized payroll card account plan is linked to a federally insured financial institution.

The substitute changes the fees that must be included on the fee list provided to an affected employee by an employer using a payroll card account plan and subjects the requirement to provide such a list, as well as the requirement to provide a form the employee may use to request an alternate form of payment, to the same deadline as the requirement to notify each affected employee regarding the adoption of a payroll card account plan.

The substitute includes a provision requiring an employer that uses a payroll card account plan to pay an employee's wages in an alternate form of payment by a certain deadline if the employee requests that alternate form of payment.