

SENATE BILL REPORT

SB 6401

As of February 7, 2014

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

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

Sponsors: Senators Liias, Hobbs, McCoy and McAuliffe.

Brief History:

Committee Activity: Governmental Operations: 2/06/14.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Sam Thompson (786-7413)

Background: A state agency or local government entity may pay employee salaries and wages electronically to financial institutions of employees if at least 25 of the agency or entity's employees request to receive payment in that manner. Employees not wishing to receive payment in that manner may continue to receive a non-electronic payment.

A state institution of higher education may require that all of its employees receive electronic payment of salaries and wages. If an employee does not have an account in a financial institution, the institution of higher education may require payment by alternate means, such as payroll cards. A payroll card is a type of debit card enabling a person to draw on that person's wages or salary, instead of a bank account, via an ATM or through a cash-back purchase.

Summary of Bill: A county paying employee salaries and wages electronically in accordance with a request from at least 25 of its employees may require that all of its employees receive electronic payment of salaries and wages. If an employee does not have an account in a financial institution, the county may require payment by alternate means, such as payroll cards. Mandated electronic payment for all employees must be approved by ordinance by the county legislative authority.

Appropriation: None.

Fiscal Note: Not requested.

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.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill, requested by the Snohomish County Council, could enable the county to save \$140,000 per year. Eighty-five percent of Snohomish County employees receive payments electronically. The county employs a full-time equivalent employee to process paper paychecks for other county employees. These employees could be paid using payroll cards, reducing county costs. Snohomish County is committed to the use of no-fee payroll cards.

OTHER: While the Washington Bankers Association supports the bill, proposals to amend the bill to limit fees for use of payroll cards create complications. Recent Federal Consumer Financial Protection Bureau rules may address these concerns. Many banks offer one free withdrawal up to the full amount of a paycheck; some do not.

Persons Testifying: PRO: Senator Liias, prime sponsor; Briahna Taylor, Snohomish County.

OTHER: Denny Eliason, WA Bankers Assn.