



# PAYSTATE UPDATE

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## **APA Opposes Virginia Paycard Bill Requiring Paper Check Option**

On January 19, APA sent a letter to the *Virginia* legislature in opposition to a bill that would, if enacted, require employers to provide paper checks as a payment option to employees (H.B. 1445). On January 24, the bill was tabled in the Commerce and Labor Committee of the House of Representatives. This means consideration of the bill is postponed, at least for now.

### **Current law allows paperless pay**

In Virginia, employers are allowed (but not required) to pay their employees' wages via paycard if the employees fail to designate an account for a traditional direct deposit. This arrangement is only permitted if the employee is able to use the card to withdraw or transfer up to the full balance in the account for free. Many employers have implemented beneficial electronic wage payment programs in Virginia.

### **Bill would require paper checks**

H.B. 1445 would require employers to offer paper checks as a wage payment option. This would force unbanked (employees having no bank account) or underbanked (employees having a checking or savings account, but still reliant on alternative financial services) individuals to use expensive check-cashing services if they choose the paper paycheck option. A 2015 study by the Federal Deposit Insurance Corporation found that 4.6% of Virginia households are unbanked and 19.7% are underbanked.

### **Benefits of electronic payment**

In contrast, employees can use branded paycards to withdraw their full net wages through a teller at any financial institution that is a member of the payment brand (tens of thousands of locations nationwide) at least once each pay period with no cost.

Because the bill would strip employers of the ability to offer beneficial electronic wage payment programs in Virginia, APA opposes H.B. 1445. Requiring employers to reintroduce the systems necessary to process, distribute, and deliver paper paychecks would be costly, and would be harmful to employers and their employees.