

## Chapter 324

(House Bill 233)

AN ACT concerning

### Counties and Municipal Corporations – Direct Deposit of Wages

FOR the purpose of authorizing counties and municipal corporations to pay wages of employees by direct deposit and to require an employee to receive the payment of wages by direct deposit as a condition of employment; prohibiting a county or municipal corporation from requiring the payment of wages by direct deposit for an employee unless the employee was hired after a certain date, received certain notice, and has not requested an exemption from direct deposit who was hired before a certain date under certain circumstances, whose employment is not conditioned on the employee receiving the payment of wages by direct deposit, or who does not have a certain bank account and opts out of direct deposit in a certain manner; authorizing certain employees of certain counties and municipal corporations to elect to receive the payment of wages by direct deposit; requiring counties and municipal corporations that elect to pay wages by direct deposit to provide certain employees with a certain form, deposit the wages in a certain personal bank ~~accounts~~ account, and provide certain employees with a certain direct deposit statement at certain times; requiring certain employees to complete and submit to a county or municipal corporation a certain form; requiring certain employees to select a personal bank account for the direct deposit of the employee's wages that is at a financial institution that participates in a certain network; specifying that an employee may change a certain personal bank account number or financial institution by completing and submitting a certain form; and generally relating to the payment of wages by direct deposit by counties and municipal corporations.

BY repealing and reenacting, with amendments,  
 Article – Labor and Employment  
 Section 3–502  
 Annotated Code of Maryland  
 (2008 Replacement Volume and 2010 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### **Article – Labor and Employment**

3–502.

(a) (1) Each employer:

(i) shall set regular pay periods; and

(ii) except as provided in paragraph (2) of this subsection, shall pay each employee at least once in every 2 weeks or twice in each month.

(2) An employer may pay an administrative, executive, or professional employee less frequently than required under paragraph (1)(ii) of this subsection.

(b) If the regular payday of an employee is a nonworkday, an employer shall pay the employee on the preceding workday.

(c) Each employer shall pay a wage:

(1) in United States currency; or

(2) by a check that, on demand, is convertible at face value into United States currency.

**(D) (1) (I) A SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A COUNTY OR MUNICIPAL CORPORATION MAY:**

**1. PAY THE WAGE OF AN EMPLOYEE BY DIRECT DEPOSIT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION; AND**

**2. REQUIRE AN EMPLOYEE TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT AS A CONDITION OF EMPLOYMENT.**

**(II) A COUNTY OR MUNICIPAL CORPORATION MAY NOT REQUIRE THE PAYMENT OF WAGES BY DIRECT DEPOSIT FOR AN EMPLOYEE UNLESS THE EMPLOYEE:**

**~~1. WAS HIRED AFTER SEPTEMBER 30, 2011;~~**

**~~2. RECEIVED NOTICE OF THE EMPLOYEE'S RIGHT TO REQUEST AN EXEMPTION FROM THE PAYMENT OF WAGES BY DIRECT DEPOSIT; AND~~**

**~~3. HAS NOT REQUESTED AN EXEMPTION FROM THE PAYMENT OF WAGES BY DIRECT DEPOSIT.~~**

**1. WHO WAS HIRED BEFORE OCTOBER 1, 2011, UNLESS THE COUNTY OR MUNICIPAL CORPORATION, BEFORE OCTOBER 1, 2011,**

REQUIRED BY LOCAL LAW, REGULATION, OR COLLECTIVE BARGAINING AGREEMENT, THE PAYMENT OF WAGES BY DIRECT DEPOSIT;

2. WHOSE EMPLOYMENT IS NOT CONDITIONED ON THE EMPLOYEE RECEIVING THE PAYMENT OF WAGES BY DIRECT DEPOSIT; OR

3. WHO:

A. DOES NOT HAVE A PERSONAL BANK ACCOUNT;

AND

B. INFORMS THE EMPLOYEE'S EMPLOYER THAT THE EMPLOYEE WISHES TO OPT OUT OF DIRECT DEPOSIT.

(III) IF A COUNTY OR MUNICIPAL CORPORATION ELECTS TO PAY WAGES BY DIRECT DEPOSIT, AN EMPLOYEE WHO IS NOT REQUIRED TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT MAY ELECT TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT IN ACCORDANCE WITH PARAGRAPH (3) OF THIS SUBSECTION.

(2) IF A COUNTY OR MUNICIPAL CORPORATION ELECTS TO PAY THE WAGES OF ITS EMPLOYEES BY DIRECT DEPOSIT, THE COUNTY OR MUNICIPAL CORPORATION SHALL:

(I) PROVIDE AN EMPLOYEE WHO IS REQUIRED OR ELECTS TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT WITH AN ELECTRONIC FUND TRANSFER AUTHORIZATION FORM;

(II) DEPOSIT THE WAGE OF AN EMPLOYEE INTO A PERSONAL BANK ACCOUNT ~~OF THE EMPLOYEE THAT IS:~~

(I) SELECTED BY THE EMPLOYEE; ON THE ELECTRONIC FUND TRANSFER AUTHORIZATION FORM; AND

(III) EACH TIME ~~A~~ THE COUNTY OR MUNICIPAL CORPORATION PAYS THE WAGE OF AN EMPLOYEE BY DIRECT DEPOSIT, PROVIDE THE EMPLOYEE WITH A DIRECT DEPOSIT STATEMENT THAT INCLUDES:

1. THE TOTAL AMOUNT OF THE WAGE;

2. ANY AMOUNT DEDUCTED FROM THE WAGE; AND

3. THE AMOUNT OF THE WAGE DIRECTLY DEPOSITED INTO THE PERSONAL BANK ACCOUNT ~~OF~~ SELECTED BY THE EMPLOYEE.

~~(II) PROVIDED BY THE EMPLOYER IN ACCORDANCE WITH AN AUTHORIZATION OF THE EMPLOYEE; OR~~

~~(III) PROVIDED BY THE EMPLOYER IF THE EMPLOYEE FAILS TO SELECT OR ACCEPT A PERSONAL BANK ACCOUNT UNDER ITEM (I) OR (II) OF THIS PARAGRAPH.~~

(3) (I) AN EMPLOYEE WHO IS REQUIRED OR ELECTS TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT SHALL COMPLETE AND SUBMIT TO THE COUNTY OR MUNICIPAL CORPORATION THE ELECTRONIC FUND TRANSFER AUTHORIZATION FORM PROVIDED TO THE EMPLOYEE UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(II) AN EMPLOYEE WHO IS REQUIRED OR ELECTS TO RECEIVE THE PAYMENT OF WAGES BY DIRECT DEPOSIT SHALL SELECT A PERSONAL BANK ACCOUNT FOR THE DIRECT DEPOSIT OF THE EMPLOYEE'S WAGES THAT IS AT A FINANCIAL INSTITUTION THAT PARTICIPATES IN THE ~~AUTOMATIC CLEARINGHOUSE~~ AUTOMATED CLEARING HOUSE NETWORK.

(III) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN EMPLOYEE MAY CHANGE THE PERSONAL BANK ACCOUNT ~~NUMBER~~ OR THE FINANCIAL INSTITUTION DESIGNATED ON AN ELECTRONIC FUND TRANSFER AUTHORIZATION FORM BY COMPLETING AND SUBMITTING A NEW ELECTRONIC FUND TRANSFER AUTHORIZATION FORM TO THE COUNTY OR MUNICIPAL CORPORATION.

[(d)] (E) (1) In this subsection, "employer" includes a governmental unit.

(2) An employer may not print or cause to be printed an employee's Social Security number on the employee's wage payment check, an attachment to an employee's wage payment check, a notice of direct deposit of an employee's wage, or a notice of credit of an employee's wage to a debit card or card account.

[(e)] (F) This section does not prohibit the:

(1) direct deposit of the wage of an employee into a personal bank account of the employee in accordance with an authorization of the employee; or

(2) credit of the wage of an employee to a debit card or card account from which the employee is able to access the funds through withdrawal, purchase, or transfer if:

(i) authorized by the employee; and

(ii) any fees applicable to the debit card or card account are disclosed to the employee in writing in at least 12 point font.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2011.

**Approved by the Governor, May 10, 2011.**