

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1442  
Economic Matters

(Delegate Waldstreicher)

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Payment of Wages - Use of Debit Cards and Card Accounts - Regulations

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This bill authorizes the Commissioner of Labor and Industry to adopt regulations to govern the credit of an employee's wage to a debit card or other specified card account. The regulations can (1) limit the type of allowable cards based on the amount or type of fees applicable to the debit card or card account; (2) require employers to make disclosures in addition to those already required; and (3) govern the disclosure of employee information by the employer to the issuer of the debit card or institution where the card account is held.

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Fiscal Summary

**State Effect:** None. The Department of Labor, Licensing, and Regulation (DLLR) can adopt regulations with existing resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** Minimal. Small businesses may be limited in the types of debit cards or card accounts they use to credit the wages of employees, and they may be required to make additional disclosures to employees.

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Analysis

**Current Law:** Maryland's Wage Payment and Collection Law regulates the payment of wages by employers in the State. The law requires employers to pay workers the wage promised; establish regular paydays; pay wages when due; pay employees in a specified manner; pay employees at least once every two weeks, with exceptions; furnish employees with a statement of gross earnings; advise employees of their rate of pay and designated payday; and pay employees all wages due on termination of employment.

DLLR's Division of Labor and Industry enforces the State's Wage Payment and Collection Law. Unless otherwise specified, the definition of "employer" in the State's Wage Payment and Collection Law does not include units of government.

At the time of hiring, an employer must provide a new employee with notice of the employee's rate of pay, regular paydays, and leave benefits. For each pay period, an employer must provide each employee with a statement of the employee's gross earnings and deductions. An employer must provide notice of any change in a payday or wage at least one pay period in advance, but an employer is not prohibited from increasing an employee's wages without advance notice.

The Wage Payment and Collection Law allows private-sector employers to pay employee wages via direct deposit. With an employee's authorization, the employer may credit an employee's wages to a debit card or card account from which the employee is able to access the funds through withdrawal, purchase, or transfer. Any fees applicable to the debit card or card account must be disclosed to the employee in writing in at least 12 point font.

Whenever it is determined that the State's Wage Payment and Collection Law has been violated, the commissioner may (1) try to resolve the violation informally through mediation; (2) ask the Office of the Attorney General to bring an action on behalf of the employee; or (3) bring an action on behalf of the employee in the county where the violation allegedly occurred.

**Background:** Proponents of using debit cards to pay employees point to convenience and lower payroll and administrative costs. Opponents report that in some instances the bank or financial institution that issues the debit card imposes certain usage fees that reduce the amount of pay an employee actually receives.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2016  
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