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Economic Matters Committee
Chair
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Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Delegate C.T. Wilson
Chairman, House Economic Matters Committee
House Office Building – Room 231
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Mr. Chairman,

I am writing in favor of HB 1425 – Commercial Law – Earned Wage Access Services.

Approximately 59% of people in the Northeast are facing financial hardship, leading them to live paycheck to paycheck. Consumers are unable to live in stability as they continue to rely on their next paycheck to cover their monthly financial obligations.¹ Currently, large companies like Walmart and Amazon offer direct earned wage access through employer-employee services to help employees with unexpected expenses or financial obligations that may arise.

HB 1425 requires certain providers of earned wage access services (EWA) to register with the Commissioner of Financial Regulation (OCFR). EWA providers would be required to be registered with the Commissioner on an annual basis starting October 1, 2024. The Commissioner would require providers to submit a certain report annually including the total number of transactions and total dollar amount of proceeds. Additionally, the Commissioner regulates providers concerning registration and bonding requirements, conditions for exemptions, and all other necessary actions to carry out the terms of this subtitle. As part of this bill, consumers would be able to submit a complaint if they believe regulations have been violated, enabling the Commissioner to conduct investigative and enforcement powers addressing the complaint. Providers are obligated to comply with all applicable local, state, and federal privacy and information security laws.

Earned wage access allows an employee the option to access wages they have already earned when they need it. By using verified payroll information, providers are able to make an accessible balance available to an employee who may need it.² **It is important to recognize that earned wage access is not a loan. There is no impact on credit nor any interest or late fees associated with accessing wages already earned.** According to the Maryland Office of

¹ “69% of Americans in Urban Areas Are Living Paycheck to Paycheck; ...,” LendingClub, May 24, 2023, <https://ir.lendingclub.com/news/news-details/2023/69-of-Americans-in-Urban-Areas-are-Living-Paycheck-to-Paycheck-14-Percentage-Points-Higher-than-Suburban-Consumers/default.aspx>

² AFC Earned Wage Access Fact Sheet, 2023, https://www.leg.state.nv.us/App/NELIS/REL/82nd2023/ExhibitDocument/OpenExhibitDocument?exhibitId=70299&fileDownloadName=0531_SB290_jones.m_FactSheet.pdf.

Financial Regulation, since the product is for earned wages provided by the employer, it would not be an advance since the employer “owes” the employee those funds.³

Nevada recently became the first state to enact an earned wage access law. Through the Earned Wage Access Law, providers of employer-integrated EWA are required to be licensed in the state and follow set requirements for EWA services.⁴ In 2023, Missouri adopted SB 103, allowing companies to provide an avenue for employees to access earned but not yet paid wages prior to the normal compensation date.⁵ Several other states are considering similar legislation, including California, Georgia, North Carolina, and Virginia.⁶

By passing HB 1425, Maryland can support a stable and productive workforce, especially for those individuals who are facing significant financial insecurity.

³ “Guidance on Earned Wage Access Products ,” Maryland Office of Financial Regulation , August 1, 2023, <https://www.labor.maryland.gov/finance/advisories/advisory-ind-earnedwageaccess.pdf>

⁴ “SB290 Text ,” Nevada State Legislature, 2023, <https://www.leg.state.nv.us/App/NELIS/REL/82nd2023/Bill/10146/Text>

⁵ Michael R. Guerrero Ronald K. Vaske, “Missouri Joins State Efforts to Regulate Earned Wage Access Providers,” Consumer Finance Monitor, February 7, 2024, <https://www.consumerfinancemonitor.com/2023/08/23/missouri-joins-efforts-to-regulate-earned-wage-access-providers/>.

⁶ “Nevada Becomes First State to Enact Earned Wage Access Law,” PayrollOrg, June 23, 2023, <https://www.payroll.org/news-resources/news/news-detail/2023/06/23/nevada-becomes-first-state-to-enact-earned-wage-access-law>