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There has been much talk and a lot of reports on the use of paycards. Every day, more

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- **Employer:** eliminates the hassle of lost checks
- **Account Security:** has the ability to receive automatic text or email alerts regarding the employee's card activity

Starting April 1, 2019, the federal government has specific regulations that will take effect, although none prohibit the use of paycards. Most of the new regulations pertain to how the issuer must respond to paycard holders and set specific disclosure rules. Below is a state-by-state listing of paycards.

In summary, paycards are here to stay and allowed in every state. Here's the list, current as of April 6, 2018.

Taxing Authority	Allow Paycards?	Additional Information
Federal	No provision.	
AK	No provision.	N/A
AL	No provision.	N/A
AR	No provision.	N/A
AZ	Yes.	Employees must first be offered the opportunity to be paid by direct deposit at a financial institution of their choice; if paid by paycard, they must be provided with a written or electronic statement of their earnings and withholdings and must be allowed to make one free withdrawal per each deposit of wages per pay period. They must also be provided with a list of all fees that they

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CO	Yes.	conform to certain state requirements. See Colorado Rev. Stat. § 8-4-102.
CT	No provision.	N/A
DC	No provision.	N/A
DE	Yes.	Employer must follow all the rules in Delaware Code Ann. 19 § 1102.
FL	Yes.	N/A
GA	Yes, eff. May 15, 2015.	Current employees must be provided with a written explanation of fees 30 days prior to when the paycard becomes available. The explanation must be provided to new hires at the time of hire. Employees must also be given a form with the written explanation of fees that allows them to opt out of being paid by paycard. [Ga. Code Ann. § 34-7-2]
HI	Yes.	Payroll cards are permitted if certain requirements are met. [Haw. Rev. Stat. § 388]
IA	Yes.	Employers may pay wages by paycard if the employee agrees in writing and certain other conditions are met.
ID	No provision.	N/A
IL	Yes.	In 2013, the Illinois Department of Labor issued a public advisory that explained the conditions under which wages may be paid by payroll debit/credit cards. Effective January 1, 2015, an employers may not use a payroll card unless certain

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KY	Yes, eff. June 28, 2017.	activation fee and must be able to make at least one withdrawal per pay period without charge for up to the full account balance. [Ky. Rev. Stat. Ann. § 337.010]
LA	No provision.	N/A
MA	No provision.	Proposed legislation in this area (SB 1086).
MD	Yes.	Must be authorized by employee. Applicable fees must be disclosed to the employee in writing in at least a 12-point font.
ME	Yes.	Employees must be able to either make an initial withdrawal of the entire net pay without incurring any additional cost, or to choose another means of payment without incurring any additional cost. [Me. Rev. Stat. Ann. 26 § 663(5)]
MI	Yes.	Prior to the issuance of a paycard, the employer must provide employees with certain information in writing. An employer may require employees to receive wages by either direct deposit or payroll debit card if the employer provides a written notice/form that allows the employee to choose between direct deposit or payroll debit card. An employer paying wages by payroll debit card to one or more of its employees may

pay wages to any of its employees by

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	of Missouri executive agency employees.	duration is anticipated to be greater than three months.
MS	No provision.	N/A
MT	Yes.	The employee must consent to the use of the paycard, have the ability to access the full amount of the wages without incurring a fee for the initial withdrawal, and must receive an itemized list of deductions and withholding.
NC	Yes.	Employees must be able to withdraw all monies due on payday. They must incur no cost for one-time use of the card on payday.
ND	Yes.	A stored value card to pay wages must be issued by a federally insured bank or credit union. See N.D. Cent. Code § 34-14-02 for further information.
NE	Yes.	Effective January 1, 2015, an employer must provide employees with immediate access to their wages, one free funds withdrawal per week up to and including the total amount of the employee's net wages, and not require employees to pay any fees associated with paycard use. [Neb. Rev. Stat. § 48-1230(3)]
NH	Yes.	Employees must have at least one free means to withdraw up to the full

balance on the card during each pay

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NY	opinion letter says that wages may be paid using payroll debit cards under certain circumstances.	the agreement. Participation as a condition of employment is prohibited. Employees must be given cost-free options to access to their funds.
OH	No provision.	N/A
OK	Yes.	A 2009 Oklahoma Attorney General opinion letter says that employers may not require the use of payroll debit cards, but payroll debit cards may be used with the employee's voluntary consent. Employees may not be charged a fee to receive wages electronically.
OR	Yes.	Wages may be paid by payroll debit card if the employee may, without incurring any fee: (1) make an initial withdrawal of the entire amount of net pay, or (2) choose to use an alternate method of payment.
PA	Yes, eff. May 3, 2017.	Employee must voluntarily consent to be paid by paycard. Employers must post a notice prior to obtaining consent that contains certain information, including all of the employee's wage payment options, the fees that may be deducted from the payroll card account by the card issuer, and information on how employees can receive their wages without incurring fees. Employees must

be able to make at least one free

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TN	Yes.	direct deposit or paycard. If an employee does not designate a financial institution for direct deposit, employer may pay by paycard. Employers must provide written disclosure regarding applicable fees. Employees must be able to make at least one withdrawal per pay period without cost.
TX	Yes.	Requires employee consent in writing.
UT	Yes.	Employees must be able to withdraw the full amount on pay day without incurring a fee and be provided with a statement (either in writing or electronically) of deductions from gross wages.
VA	Yes.	Employers must fully disclose applicable fees; employees cannot be required to accept this method of wage payment. Certain employees may be paid by paycard without written consent. See Va. Code Ann. § 40.1-29(b).
VT	Yes.	Employees must voluntarily consent to the arrangement.
WA	No provision for private employers. Institutions for higher education may mandate payment by paycard for employees who do not	Wash. Rev. Code § 41.04.240.

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[James Paille CPP](#) is the Director of Operations for Thomson Reuters [myPay Solutions](#). He has been an executive manager in the payroll service industry for more than 30 years, specializing in managing multi-location offices. Jim is President of the American Payroll Association as well as a member of the National Speakers Bureau and chair of the CPP Certification Review Panel. He holds a Bachelor of Science in Accounting from St. John Fisher College in Rochester, NY.

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