



MEMORANDUM IN OPPOSITION
S.5208-A / A.6771-A

June 20, 2017

BILL NUMBER: S.5208-A (Gallivan) / A.6771-A (Morelle)

TITLE OF BILL: An Act to amend the labor law, in relation to clarifying methods for the payment of wages and authorizing the payment of wages by use of payroll cards

STATEMENT OF OPPOSITION:

New Economy Project opposes the proposed bill, which fails to adequately protect workers from unfair fees and other abusive payroll card practices. Indeed, the bill would directly undercut NYS Department of Labor’s (DOL) strong payroll card regulations, adopted last year, which community, labor, consumer, and civil rights groups across the state have enthusiastically supported. We oppose any action by the legislature that would circumvent these pro-worker regulations, which New York is working to uphold through judicial action, after an administrative challenge by industry.

New Economy Project has worked at the forefront of financial justice advocacy in New York for more than 20 years. We lead policy coalitions and campaigns, produce timely research, and provide free legal services to low-income New Yorkers on a wide range of consumer financial justice issues.

Payroll cards have emerged in recent years as a major labor and financial justice issue affecting low-wage workers in New York, whose vital earnings are too often drained by hidden and predatory card fees. Many employers fail to inform workers about card terms and how to access their wages at no cost, or automatically enroll employees in payroll card programs without their informed consent. Large employers seeking to reduce their own payroll processing costs have effectively – and unfairly – shifted these costs onto low-wage workers. The bill would permit egregious payroll card fees, including, for example, fees to speak with a customer service representative, fees to receive paper statements needed for recordkeeping and tax purposes, and declined transaction and inactivity fees.

Last year, NYS DOL finalized long-awaited rules to regulate wage payment on payroll cards. DOL’s rules are carefully crafted, underwent three lengthy public comment periods, and directly address unfair fees, employer coercion, and other abusive practices reported by low-wage workers. We fully expect that that NYS’s Supreme Court will rule in favor of the DOL and thus restore these vital rules.

For these reasons, New Economy Project opposes S.5208-A (Gallivan) / A.6771-A (Morelle).

Please contact Andy Morrison at 212-680-5100 x210 with any questions.