



HB203: Payment of Wages; Payroll Card Account Sponsor Statement

Prior to the modern era, all payroll in private sector employment was conducted by traditional means, that is paying employees either in actual currency or with a paper paycheck delivered or mailed to an individual employee on payday. With time and modern technology advancements, many private employers and government entities have moved to electronic deposit, or electronic funds transfer, for paying their employees.

In Alaska, current law does not permit an employer to select an electronic payroll deposit system unless and until every employee specifically elects to be paid electronically. In other words, an employer who wishes to move the company to electronic wage payment may not be permitted to do so. Any given employer may have very good business reasons to switch the company's payroll system, including, business efficiency, cost-savings, environmental concerns about excess paper usage, or security of wage payment transactions.

Those employers in the private sector who elect to move to an electronic payment system should be entitled to do so. That decision rests with the employer, as with any of the many work-related conditions of employment (choice of uniform; work hours and scheduling; conduct on the job; job duties and goals; leave time; vacation allowances; etc. etc.). The choice for an employer to pay employees via electronic means is no different, and should be permitted, if the employer so chooses.

Note that nothing in the proposed legislation would require an employer to switch to electronic payment of wages. It would simply authorize that decision, if the employer elects to do so. Any employer who wishes to continue paying employees with traditional paper paycheck methods may still do so.

Should an employee either not have a bank account or prefer an alternative to electronic funds transfer, that employee could elect to be paid via payroll card instead. That payroll card would be issued under a Visa or Mastercard partner, and would operate just like an ATM card, now accepted in lieu of cash almost universally. The payroll card is FDIC-insured, and secure for the employee receiving payments in this way.