



ALASKA STATE LEGISLATURE

SENATE LABOR & COMMERCE COMMITTEE

SENATOR JESSE BJORKMAN

Chairman
State Capitol, Room 427
Juneau, AK 99801-1182
(907) 465-2828

Sen. Kelly Merrick, Vice-Chair
Sen. Forrest Dunbar
Sen. Elvi Gray-Jackson
Sen. Robert Yundt

SB 79 Payment of Wages; Payroll Card Account Version A Sponsor Statement

Senate Bill 79 would allow employers to credit wages to an employee on a payroll card account if an employee has voluntarily authorized this, or if an employee has not authorized deposit of their wages to a specified account. This legislation gives employers another option to pay their employees that could be less expensive than other forms of payment and avoids the difficulties of distributing paper checks.

SB 79 requires employers to be transparent when giving employees the option to open a payroll card account. The bill requires that employers provide employees with a list of fees they could encounter with the card and a cost-free method to access their wages, as having an ATM card that is not connected to a specific bank can require fees for withdrawal. Employers also cannot offer a payroll card that charges fees for an employee's application, initiation, or participation in the account.

The bill gives employees that don't have a bank account another option to accept payment of their wages and a mechanism to avoid check cashing fees. Payroll cards will be used without fees to pay for any store purchases and one cost-free ATM withdrawal in an amount up to the employee's net wages per pay-period.

I urge your support of Senate Bill 79.



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SB 79 Payment of Wages; Payroll Card Account

Version A Sectional Analysis

Section 1: Amends AS 23.10.040(a) to add AS 23.10.044 allowing an employer to pay via payroll card account.

Section 2: AS 23.10 is amended by adding section AS 23.10.044

- (a) Allows an employer to pay wages to a payroll card account if an employee has voluntarily authorized or if an employee has not authorized deposit of their wages to a bank account.
- (b) States an employer paying wages to a payroll card account shall notify the employee of the terms and conditions of payroll cards.
- (c) A payroll card account must provide an employee with at least one cost-free withdrawal each pay period, up to the amount of the employee's net wages, and a cost-free mechanism to check the account balance through a phone system and an additional unlimited cost-free electric mechanism to check account balances.
- (d) An employer may not offer a payroll card account that charges fees for employee application or participation in the account, or issuance of an employee's card and one replacement each calendar year, or transfer of employee wages to the account, or point-of-sale purchase transactions.
- (e) An employer may not offer a payroll card account unless the wages are insured on a pass-through basis by an entity that insures bank deposits.
- (f) This section protects employees' right to bargain collectively through representatives of their choice to establish mechanisms for payments of wages.
- (g) Defines "payroll card" and "payroll card account" in statute.

SENATE BILL NO. 79

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 1/31/25

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to wage payments."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 23.10.040(a) is amended to read:

4 (a) Except as otherwise provided by AS 23.10.044 and AS 37.25.050, an
5 employer of labor performing services in this state shall pay the wages or other
6 compensation for the services with lawful money of the United States or with
7 negotiable checks, drafts, or orders payable upon presentation without discount by a
8 bank or depository inside the state.

9 * **Sec. 2.** AS 23.10 is amended by adding a new section to read:

10 **Sec. 23.10.044. Wage payment by credit to a payroll card account.** (a) An
11 employer may credit employee wages to a payroll card account if an employee has
12 voluntarily authorized the credit or an employee has not authorized deposit of the
13 employee's wages under AS 23.10.043.

14 (b) An employer paying an employee's wages by credit to a payroll card
15 account shall notify the employee

- 1 (1) of the employee's wage payment options;
- 2 (2) of the payroll card terms and conditions, including a list of fees
3 assessed by the payroll card issuer;
- 4 (3) of a cost-free method for the employee to access wages credited to
5 the payroll card account;
- 6 (4) of a cost-free method for the employee to check the payroll card
7 account balance; and
- 8 (5) that, in addition to fees assessed by the card issuer, the card may be
9 subject to additional fees.

10 (c) A payroll card account must provide an employee

- 11 (1) at least one cost-free withdrawal each week or pay period,
12 whichever is longer, in an amount up to the amount of the employee's net wages;
- 13 (2) an unlimited cost-free mechanism to check the payroll card account
14 balance through an automated telephone system and an additional unlimited cost-free
15 electronic mechanism to check payroll card account balances.

16 (d) An employer may not offer a payroll card account that charges fees for

- 17 (1) employee application for, initiation of, or participation in the
18 payroll card account;
- 19 (2) issuance of an employee's initial payroll card and one replacement
20 card each calendar year;
- 21 (3) transfer of employee wages or other compensation from the
22 employer to the payroll card account;
- 23 (4) point-of-sale purchase transactions.

24 (e) An employer may not offer a payroll card account unless employee wages
25 or other forms of compensation credited to the account are insured on a pass-through
26 basis to the employee by the Federal Deposit Insurance Corporation, the National
27 Credit Union Administration, or another entity that insures bank deposits.

28 (f) This section does not limit the right of employees to bargain collectively
29 through representatives of their own choosing to establish mechanisms for payment of
30 wages in excess of the minimum requirements of this section.

31 (g) In this section,

1 (1) "payroll card" means a card or other device used by an employee to
2 access the employee's wages from a payroll card account;

3 (2) "payroll card account" means an employee's account established
4 through an employer to which the employer transfers the employee's wages or other
5 compensation.



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TRENDS

What Is a Pay Card?



David Rodeck



Payroll cards, also called pay cards, are a popular way to pay employees. They function like reloadable debit cards and offer several advantages for employers, too, such as cutting administrative costs and providing timely access to wages. Here's what to know about using pay cards at your organization.

If you're looking for a way to improve the lives of your employees and reduce turnover, the solution may be found in your payroll department.

There is a growing trend — and growing demand — for employees to receive their wages through payroll cards, also called pay cards. Here's what a pay card is, how it works and how to decide if it makes sense for your business.

What is a pay card?

A pay card is a type of prepaid debit card for your employees. On payday, your organization deposits an employee's wages on their card. The employee can then use the card to make cash withdrawals from ATMs and to make purchases in-store and online. It functions just like a debit card from a bank. Depending on the program, employees also may be able to use their pay card for paying bills and shopping online.

Recommended for You

TRENDS

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If you offer payroll cards, they should simply be an option for employees, not a requirement. You generally must have at least one other way to provide wages, either through direct deposit or a paper check.

What problems do pay cards solve?

Pay cards provide employees with an alternative way to collect their wages in addition to paper checks and direct deposit. While direct deposit is common and convenient for workers with bank accounts, almost 6 million Americans were unbanked as of 2021, [according to the FDIC](#). For [workers without a checking account](#), direct deposit is not an option. To collect their wages, they may need to get a paper check and then use a check-cashing service. It takes them longer to get paid, plus they can lose money on fees. While they're waiting on the payment, they can miss deadlines for their rent or mortgage, utilities, insurance or other bills, leading to more fees and penalties.

Additionally, millions of other Americans are underbanked, which means that although they have a bank account, they primarily rely on alternative financing services, opting for cash, money orders and check-cashing services. For this reason, employees may opt for paper checks to avoid the delays or fees involved with a bank account.

Paper checks aren't just inconvenient for employees. They can be [more expensive for organizations](#) due to the cost of checks as well as the time for an employee to prepare and send them. Payroll cards can offer an efficient and cost-effective solution for both sides: Employers can avoid the hassle of distributing paper checks, and employees have an [alternative to depositing a check in a bank account](#).

What other benefits do pay cards offer?

In addition to reducing costs tied to paper checks, payroll cards offer other conveniences to employees.

- **Fast, flexible payment options.** The shift to digital finances is well underway and pay cards can [empower employees with options](#) about how they receive their wages. They can expect payment to be automatic and instantly usable. Plus, it opens the door for your workforce to request [early access to their earned pay](#) based on their hours worked.

- **Modern money management.** The pay card system provides each employee with an account where they can check their balances and transfer money. Pay cards can be usually added to digital mobile wallets, allowing employees to easily manage their accounts and [make mobile payments](#).
- **Improved financial wellness.** With fast and easy access to their earned wages and an account that can't be overdrawn like a bank deposit account, a pay card system can give your employees a greater sense of financial well-being. It can make tracking income and creating a budget simple.

What types of employees prefer pay cards?

While payroll cards can be convenient for any type of employee, certain key demographics may especially appreciate having this option.

Gen Z and millennial workers are leading the pay card charge. This is largely because younger workers are more likely to be unbanked or underbanked. In fact, [43% of Gen Z and 20% of millennials](#) reported paying \$5 to cash a paper check, versus just 9% of baby boomers. In addition, younger workers are used to digital technology. Gen Z is the first group that grew up using smartphones and pay cards to give them a mobile payment option that fits their preferences and lifestyle.

Payroll cards can also benefit minority employees, who are more likely to face issues with the traditional banking system. Approximately 14% of Black individuals and 11% of Hispanic individuals are unbanked versus just 4% of white individuals, according to [the Federal Reserve](#). By offering pay cards as an option for these workers, you can help them avoid fees and other issues related to being unbanked.

[Learn how pay cards can help you recruit talent and save money.](#)

What organizations could benefit from offering pay cards?

Pay cards can generally be a valuable addition to most payroll programs, but they can have a significant impact in particular situations. Start by considering the demographics of your workforce. If you think many of your employees are likely to be unbanked or underbanked or if they skew younger or lower income, they may enjoy the option of pay cards.

Another factor to weigh is if your business has staggered scheduling, such as in the retail, restaurant, medical and other service-based industries, or if you coordinate gig or remote work. Certain workers may not be in on payday to collect a check and may appreciate the convenience of an automatically loading payroll card.

Also, organizations that are naturally tech-friendly — or quickly became so in response to the global health crisis — may want to show they're [current in offering payment trends](#) that are attractive as well as inclusive. "Employers who want to gain an advantage in attracting and retaining talent have implemented payment solutions like feature-rich pay cards," says Ankit Jhunjunwala, director of product marketing for payment products at ADP. "These solutions offer meaningful financial wellness tools that can positively affect their employees. What's more, employees today are demanding such tools."

Demand for alternate payments is evolving

The global health crisis of the early 2020s escalated the need for more digital payroll solutions. With many employees working at home at that time, it became even more complicated for HR, payroll and finance leaders to

prepare and properly deliver paper checks.

At the same time, people have also shifted away from spending physical cash. According to PaymentsSource's [Future of Money](#) 2020 report, workers who make less than \$25,000 in particular moved from using cash to using debit cards as their primary payment method. This may be because stores are increasingly enacting policies of accepting card payments only.

Modern payroll cards are a solution to each of these developments. Employers can still pay employees who don't use direct deposit efficiently and on time, and employees can use their pay cards directly for debit-based payments. It's clear that the demand for more flexible payment options has been growing steadily and will likely continue to do so.

Move toward paperless pay with flexible, cost-effective payments that help financially empower your employees. [Learn about pay card options from ADP.](#)

Tags

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Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: SB 79
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB079-DOLWD-WH-01-31-25
Title: PAYMENT OF WAGES; PAYROLL CARD
ACCOUNT
Sponsor: LABOR & COMMERCE
Requester: (S) L&C

Department: Department of Labor and Workforce Development
Appropriation: Labor Standards and Safety
Allocation: Wage and Hour Administration
OMB Component Number: 345

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

Prepared By: Tanya Keith, Director	Phone: (907)269-4920
Division: Labor Standards & Safety	Date: 01/31/2025
Approved By: Dan DeBartolo, Director	Date: 01/31/25
Agency: DOLWD Administrative Services Division	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. SB 79

Analysis

Employers in Alaska are required to pay wages or other compensation for services with lawful money through checks, money orders, or through direct deposit into a bank, savings and loan, or credit union. This legislation amends the list of acceptable payment methods to include bank cards, and include provisions regard the limitation of fees for the employee to use their bank card or check their account balance.

The division currently investigates all claims of wage theft, loss, or mishandling and does not anticipate an increase in costs for the division as a result of this legislation.