

OUR INSIGHTS

Rhode Island Enacts Legislation Authorizing the Use of Electronic Pay Cards

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On July 10, 2015, the Rhode Island General Assembly sent Governor Gina Raimondo a compromise measure (House Bill 5590/Senate Bill 351) that would allow Rhode Island employers—for the first time in the state’s history—to pay wages via electronic pay cards. The measure became law on July 15, 2015, without the governor’s signature. Although in the past Rhode Island did not have a law explicitly prohibiting the use of pay cards as a means of paying wages, the Rhode Island Department of Labor and Training had taken the position that such a method, without explicit statutory authorization, was not legal.

Under the newly-enacted measure’s provisions, employees may set up a payroll card account with any financial institution that will accept electronic transfer of wages from employers. An employee must submit a written request—which may be in electronic form—to his or her employer indicating that he or she desires such an arrangement.

Employers that agree to pay wages to their employees by credit to a payroll card account must allow employees to make at least one withdrawal, up to and including the full amount of wages, from their account in each pay period without any charge. Employers must also allow those employees who are paid more frequently than weekly to make at least one withdrawal from their payroll card account each week without charge. Finally, employees who receive wages by credit to a payroll card account must be provided a means of checking their payroll card account balances, either over the phone or through the Internet, without charge regardless of the number of inquiries they make.

This new legislation became effective upon passage on July 15, 2015, and given its recent passage, more guidance is likely to be forthcoming regarding its implementation. Rhode Island employers interested in paying employees with pay cards should inform their employees of this option, but they should also be careful not to force employees into choosing payment by pay cards. The default method for paying wages in Rhode Island remains via paycheck unless an employee consents to being paid via direct deposit or, if the employee requests payment to a payroll card account.

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Todd Torres is an associate in the Boston office where he focuses his practice on employment litigation. He offers advice and provides representation before both state and federal courts as well as before the Equal Employment Opportunity Commission, the Massachusetts Commission Against Discrimination and the Rhode Island Commission for Human Rights. Mr. Torres's experience includes the defense of discrimination claims arising under Title VII, the Americans with Disabilities Act, and the...
