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Labor and Employment Compliance Bulletin



Arizona allows mandating electronic pay

Arizona recently enacted House Bill 2151, which allows employers to mandate paperless pay to employees.

Employees who do not choose direct deposit may be directed to receive pay via payroll cards, so long as the employee is furnished a wage statement, allowed one free withdrawal per pay period, and provided notice of any fees associated with the use of the card.

Arizona joins a growing list of states now allowing for **100% paperless pay without employee consent**—24 to be exact. Three other states allow mandating to employees hired after a specific date.

Virginia, for example, started permitting employers to mandate payroll cards for new hires starting in 2010.

Michigan joined the ranks of paperless pay states in December 2010 when Governor Jennifer Granholm signed SB 5821, allowing all employers to mandate payroll cards under certain conditions. Michigan's law allows employers to mandate paycards for all employees if the company paid at least one employee prior to Jan. 1, 2005. If the employer wasn't paying any employees before that date, it can still mandate a payroll card under certain conditions, such as offering a direct deposit option, allowing one free withdrawal per pay period, and several others. (See our [January compliance bulletin](#) for details.)

Several other states are considering laws that, while not permitting employers to mandate payroll cards, are friendly towards payroll cards as an option.

A number of other states have payroll card bills currently working their way through state legislatures. We are actively monitoring those bills and will notify employers of key developments.

In New Mexico, a house bill that would allow mandating of pay cards died in the state senate, though it had passed the house with strong support. However, in general, the trend at the state level for payroll cards is positive. We expect the 100% paperless methodology to continue to gain traction.

Bottom line

To find out more about how you can harness the power of electronic paystubs and paycards, please contact Melinda Hanson at (314) 214-7143 or mhanson@talx.com. TALX offers a full paperless solution that includes electronic paystubs and paycards. The TALX electronic paystub service gives your employees the power to make direct deposit changes and update their state or federal W-4, and combines online features with an Interactive Voice Response (IVR) pay advice that helps you achieve compliance in all 50 states.

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