

PAYMENT OF WAGES AND FRINGE BENEFITS (EXCERPT)
Act 390 of 1978

408.476 Wages; payment methods; deposit of employee's wages in bank, credit union, or savings and loan association; issuance of payroll debit card; consent; employees required to receive wages through direct deposit or payroll debit card; request to change method of receiving wages; fees or costs; definitions.

Sec. 6.

(1) An employer or agent of an employer may pay wages to an employee by any of the following methods that protect the earnings of the employee from garnishment as required by 15 USC 1673 to the same extent they would be exempt while held by the employer:

(a) Payment in United States currency.

(b) Payment by a negotiable check or draft payable on presentation at a financial institution or other established place of business without discount in United States currency.

(c) Direct deposit or electronic transfer to the employee's account at a financial institution.

(d) Issuing a payroll debit card that complies with subsection (6).

(2) Except as provided in section 283a of the management and budget act, 1984 PA 431, MCL 18.1283a, or in subsection (4), an employer or agent of an employer shall not deposit an employee's wages in a bank, credit union, or savings and loan association without the full, free, and written consent of the employee, obtained without intimidation, coercion, or fear of discharge or reprisal for refusal to permit the deposit.

(3) Except as provided in subsection (4), an employer or agent of an employer shall not issue a payroll debit card to an employee under subsection (1)(d) without the full, free, and written consent of the employee, obtained without intimidation, coercion, or fear of discharge or reprisal for refusal to accept the payroll debit card. However, an employer paying wages by payroll debit card to 1 or more of its employees as of January 1, 2005 may pay wages to any of its employees by payroll debit card without obtaining the consent described in this act.

(4) An employer or agent of an employer may require employees to receive wages only through direct deposit or a payroll debit card that complies with subsection (6) if the employer has provided the employee with all of the following:

(a) A written form that allows the employee the option to receive wages either by direct deposit to the employee's account at a financial institution or through a payroll debit card.

(b) A statement indicating that, except for an employee currently paid by direct deposit or any employee of an employer paying wages by payroll debit card to 1 or more of its employees on January 1, 2005, failure to return the form within 30 days with the account information necessary to implement direct deposit will be presumed to indicate consent to receiving wages through a payroll debit card. If an employee is currently paid by direct deposit, the method of payment shall not be changed to payroll debit card without written consent of the employee.

(c) Written disclosure of all of the following concerning the payroll debit card:

(i) The terms and conditions for use, including an itemized list of any and all fees.

(ii) The methods for accessing wages without charge.

(iii) A statement that, if the payroll debit card is used outside of the specified network of automatic teller machines, both the payroll card issuer and the operator of the automatic teller machine may impose charges.

(iv) The methods to obtain free balance inquiries.

(v) The employee's right to elect to change the method of receiving wages at any time, as provided in subsection (5).

(vi) That the payroll debit card does not provide access to a savings or checking account.

(5) An employee may request a change in the method of receiving wages established under subsection (4) at any time. The employer shall take no longer than 1 pay period to implement the change after the employer receives the request and any information necessary to implement the request. An employer shall allow an employee to select payment by direct deposit or electronic transfer under subsection (4) freely, without intimidation, coercion, or fear of discharge or reprisal for the choice.

(6) An employer shall not pay wages by issuing a payroll debit card unless the payroll debit card has all of the following characteristics:

(a) Entitles the employee to make at least 1 withdrawal or transfer without charge each pay period, but not more frequently than once per week, for any amount the employee elects up to the balance accessible through the card.

(b) Allows no changes in fees or terms of service unless the employee has received a written notice at least 21 days in advance of the date that the changes take effect identifying the changes.

(c) Provides a method for the employee to make an unlimited number of balance inquiries without charge, either electronically or by telephone.

(d) Is not linked to any form of credit, including a loan against future pay or a cash advance on future pay.

(7) An employer shall not require an employee to pay any fees or costs incurred by the employer in connection

with paying wages or establishing a process for paying wages by a method described in subsection (1)(c) or (d).

(8) As used in this section:

(a) "Federally insured financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government.

(b) "Payroll debit card" means a stored-value card issued by or on behalf of a federally insured financial institution that provides an employee with immediate access for withdrawal or transfer of his or her wages through a network of automatic teller machines. The term includes a card commonly known as a payroll debit card, payroll card, and paycard.

History: 1978, Act 390, Imd. Eff. Aug. 1, 1978 ;-- Am. 2004, Act 534, Imd. Eff. Jan. 3, 2005 ;-- Am. 2010, Act 323, Imd. Eff. Dec. 21, 2010 ;-- Am. 2012, Act 440, Imd. Eff. Dec. 27, 2012

Compiler's Notes: For creation of bureau of worker's and unemployment compensation within department of consumer and industry services; transfer of powers and duties of bureau of worker's compensation and unemployment agency to bureau of worker's and unemployment compensation; transfer of powers and duties of director of bureau of worker's compensation and director of unemployment agency to director of bureau of worker's and unemployment compensation; and, transfer of powers and duties of wage and hour division of worker's compensation board of magistrates to bureau of worker's and unemployment compensation, see E.R.O. No. 2002-1, compiled at MCL 445.2004 of the Michigan Compiled Laws. For creation of the new wage and hour division as a type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For transfer of powers and duties of the former wage and hour division of the department of consumer and industry services, transferred to the bureau of worker's and unemployment compensation, to the new wage and hour division within the department of labor and economic growth by type II transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.