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ATTORNEY GENERAL MADIGAN: SENATE VOTES UNANIMOUSLY TO PROTECT LOW WAGE WORKERS

Springfield — Attorney General Lisa Madigan today praised Senate lawmakers for unanimously passing legislation that puts in place protections for low wage workers who receive their wages on a payroll card, an increasingly common method of payment used by Illinois employers. The bill will provide important protections for workers against unreasonable fees to access their pay.

Senate lawmakers voted 57-0 today to approve House Bill 5622. The bill, crafted by Attorney General Madigan's office and sponsored by Sen. Kwame Raoul, addresses this increasingly popular form of payment used by employers of hourly, low wage workers at fast food restaurants and stores. Instead of issuing paper checks, employers are offering payroll cards loaded with wages every pay period that are similar to pre-paid debit cards or gift cards and can be used to make ATM withdrawals and purchases. But unlike a pre-paid debit card, employees are charged numerous fees to access or spend their earned wages, such as: a \$5 account inactivity fee, a \$3 fee for requesting a monthly statement of their account or 50 cent fees every time they want to make a purchase or check their account balance.

Last year, the Attorney General's office began investigating the use of payroll cards after receiving complaints from employees in Illinois and discovered the unreasonable fees attached to the cards and other practices that reduce the employees' earnings. The Attorney General's office crafted the legislation, with the assistance of the Illinois Department of Labor, to put a stop to these harmful practices.

"People shouldn't have to pay for their pay," Madigan said. "This bill will ensure that low wage workers get all of their wages instead of having them siphoned off by banks through unfair and excessive fees."

The bill will help ensure payroll cards benefit employees by prohibiting fees for simply accessing funds or checking an account balance, while also providing employers with flexibility to meet the proposed requirements. The bill will provide important guidance for employers wishing to use this new form of wage payment.

"Workers compensated using payroll cards deserve a fair wage, fairly paid – without having to put up with excessive fees and restrictions just to access their paychecks," said Sen. Raoul. "Employers and employees should be able to use this increasingly popular form of payment, as long as workers' options and reasonable expectations of fair treatment are respected."

House Bill 5622 would:

- Ensure employees can access their wages without incurring fees, including a prohibition on fees for overdrafts, transaction history requests and purchases;
- Limit fees for card inactivity and declined transactions;
- Preserve employees' right to choose the payment method that works for them, whether that method is check, direct deposit or payroll card; and
- Require employers to give employees notice of the terms of the payroll card program.

The legislation now moves to the House for concurrence. Rep. Arthur Turner sponsored the bill in the House.

"Ideally, every worker would be able to have a bank account and build their savings each pay period," Rep. Turner said.

"Unfortunately this is not the case for employees throughout the state of Illinois. Allowing businesses to pay their employees through electronic debit cards gives workers a secure, convenient and no-cost alternative to a paycheck."

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