

BILL ANALYSIS

Senate Research Center
78R7685 KSD-D

H.B. 3308
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Business & Commerce
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Engrossed

DIGEST AND PURPOSE

Direct deposit is a cost effective method of paying wages, allowing for a savings of time and money for employers and employees. Employers are able to reduce personnel time associated with preparing and distributing checks, and other costs, such as banking fees and postage, while employees are guaranteed receipt of their wages if they are sick or out of town. H.B. 3308 authorizes employers to elect to pay wages to employees who maintain an account at a financial institution that accepts direct deposit, solely through direct deposit.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 61.017, Labor Code, as follows:

Sec. 61.017. DELIVERY OF PAYMENT. (a) Requires an employer to pay wages through a means authorized by this section.

(b) Authorizes an employer to pay wages by certain methods.

(c) Authorizes an employer to elect to pay wages to an employee who maintains at a financial institution an account that qualifies for electronic funds transfer through a direct deposit plan that uses electronic funds transfer to deposit the wages in the employee's account. Requires an employer who desires to pay wages through a direct deposit plan to:

(1) notify each affected employee in writing, at least 60 days before the date on which the direct deposit payroll system is scheduled to begin, that the employer is adopting a direct deposit payroll system; and

(2) obtain from the employee any information required by the financial institution in which the employee maintains the account that is necessary to implement the electronic funds transfer.

SECTION 2. Effective date: upon passage or September 1, 2003.