

TESTIMONY OUTLINE

H.550/House Commerce Committee
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On Behalf of Visa, Inc.
March 10, 2020

1. Issue: Abandonment period (one year versus three years) for “payroll cards.” See proposed 27 VSA § 1461(5) and (11) in bill section 2 (pages 12- 14 of House passed version).
2. Why Visa cares about the issue--enhancing peoples’ experience using payroll cards.
3. Background on payroll cards.
 - a. Per 21 VSA sec. 342(c) an employer can, with the consent of an employee, pay an employee via a payroll card.
 - b. Section 342 imposes terms and conditions on the use of payroll cards like the ability to make free withdrawals, not be subjected to costs, etc.
 - c. Payroll cards are particularly useful in paying people who are “unbanked.” Study shows that pay roll cards are less expensive for unbanked employees than paper checks (no check cashing fees and reduced need to purchase money orders to pay bills).
4. Model Act provides for a three-year abandonment period similar to bank accounts.
5. As passed by the House H.550 provides for a one-year period similar to paper paychecks.
6. Three-year period is appropriate for following reasons:
 - a. ***Crediting wages to a payroll card account is like depositing wages to a checking or savings account.***
 - b. ***Payroll card accounts often include funds that are not wages.*** Like other bank accounts, most payroll card accounts (82.5% in Vermont) are able to receive funds from sources other than the employer.
 - c. ***Payroll card accounts are recognized to be consumer accounts under federal banking law.***