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House Committee on Commerce and Economic Development
Hearing on January 30, 2025
Testimony: HB 99

Chair Marcotte, Members of the Committee, thank you for the opportunity to testify before the Committee today.

My Name is Ben LaRocco, Senior Director of Government Relations at EarnIn, one of the largest providers of Earned Wage Access services, or EWA, in the country. Our mission is simple: creating a more worker friendly payroll system by giving workers access to the wages they have already earned when they need it instead of waiting for an arbitrary two or four week pay cycle.

EarnIn is direct to consumer, which means anyone can use our services. Nationally, last year about 2 million Americans used EarnIn to access their earnings on their own schedules.

In Vermont, more than 3,400 residents have used our earned wage access product, including more than 1,500 last year. Top employers of our customers include the University of Vermont Health System, Walgreens, and the State of Vermont.

Once you have worked and earned money, those funds are legally yours, but your employer gets to hold onto an individual's wages until payday because running payroll is complicated and expensive. This is why most employers pay biweekly or even monthly.

EarnIn provides customers with access to their earnings as they are earned, without mandatory fees, interest, or recourse.

Traditional financial services often don't serve low income families very well, relying on high fees to penalize workers when they most need help. With EWA, EarnIn takes on all the risk, so it aligns incentives between the provider and the user. We only succeed when our customers do. If they don't pay us back, we lose that money, so it is in our interest to offer a product that is responsibly used.

While I'm here to call for an amendment to HB 99, broadly HB 99 regulates and codifies the industry and is a Vermont specific approach to EWA regulation that is the result of

years of negotiation, with input from dozens of EWA providers, regulators, legislators, and consumer advocates across the country. Here at EarnIn we're pleased to support this approach. Similar bills have been passed into law in several states with bipartisan support including Nevada, Wisconsin, and Missouri, each of which creates similar guardrails for the industry and each of which we have supported.

Like many other states, HB 99 requires that there is a free option for consumers to use EWA - so how do we get paid? Similar to other fintechs, like PayPal or Venmo, an ACH transfer option is completely free, and you will typically receive money in 1-3 business days, or you can pay a small fee for an instant transfer. For EarnIn, this fee is \$2.99 to \$5.99.

Additionally, we also ask for a voluntary tip or gratuity. Less than half of transactions include a tip, and the average tip is about \$1. There is no relationship between the voluntary tip and an individual's ability to utilize the service. Furthermore, tips are fully refundable within \$30 days no questions asked.

EarnIn is working every day to find better solutions for consumers, and HB 99 places meaningful guardrails on an existing product to better serve Colorado consumers with free and low-cost options. Our ask is that you amend the proposal to allow for requests for voluntary tipping, bringing Colorado in line with all other states and constitutional precedent.

Thank you for the opportunity to speak today and I am looking forward to continuing to work together towards our common goal of serving Vermont residents and being there for them meaningfully when they need it.

I'm happy to answer any questions you may have.