2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2256 **STATUS:** B-Engrossed
SUBJECT: Payment of wages at no cost to employee and in the county where the employee lives and works
GOVERNMENT UNIT AFFECTED: State agencies and Bureau of Labor and Industries
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REVIEWED BY: Dallas Weyand and Robin LaMonte
DATE: May 25, 2007

	2007-2009	2009-2011
EXPENDITURES:		
See Comments		

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure would allow an employer make electronic payment of wages to an employee if both the employer and employee agree and if there is no cost to the employee. The wages due an employee, whether an order, check, memorandum or other negotiable instrument of indebtedness, is requires to be payable without discount in cash on demand at a bank or some other business in the county where the employee lives and works.

The Legislative Fiscal Office believes this measure may have a potential fiscal impact to state government. The State of Oregon's primary banking relationship for state payroll as well as other transactions is with U.S. Bank. U.S. Bank, however, does not have branch locations in every Oregon community where state employees live and work. Therefore, the state would be unable to provide no cost or non-discounted payroll payments to its employees who choose to be paid with a paper check rather than electronically (e.g., direct deposit or electronic funds transfer, or payroll card). State employee checks cashed at financial institutions or established businesses would likely incur a fee when the employee does not have a relationship with a bank or other financial institution. Payroll pay cards may also be charged a fee for some types of cash advances since these are teller-assisted transactions. Under this measure, payment of any such a fee could be a state responsibility.

The Department of Administrative Services is uncertain how many state employees paid with a check or warrant incur a check cashing fee nor the amount of the fee. Therefore, the fiscal impact of this measure is indeterminate. State reimbursement of such fees would be dependant upon the funding source of any agency whose employee incurred a check cashing fee and therefore could be General, Lottery, Other, Federal Funds or a combination thereof.

The Bureau of Labor and Industries (BOLI) would have the statutory authority to assess a civil penalty up to $1,000 for violators of this measure. BOLI reports that this measure would not have a fiscal impact to the agency.