



# Office of the City Clerk

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## Legislation Details (With Text)

**File #:** R2013-690  
**Type:** Resolution **Status:** Failed to Pass  
**File created:** 7/24/2013 **In control:** City Council  
**Final action:** 5/20/2015  
**Title:** Call for hearing(s) on use of payroll cards by Chicago employers  
**Sponsors:** Burke, Edward M., Burns, William D.  
**Indexes:** Committee on Finance  
**Attachments:** 1. R2013-690.pdf

Date	Ver.	Action By	Action	Result
5/20/2015	1	City Council	Failed to Pass	Fail
9/6/2013	1	Committee on Finance	Held in Committee	Pass
7/24/2013	1	City Council	Referred	

Committee on Finance

### RESOLUTION

WHEREAS, on July 2, 2013, several publications reported that the New York Attorney General had commenced an inquiry into the use of payroll cards to pay New York employees; and

WHEREAS, the reported investigation follows the filing of a putative class action by a former McDonald's franchise employee against the franchise and its owners in Pennsylvania state court for violating the Pennsylvania Wage Payment and Collection Act (WPCA); and

WHEREAS, the lawsuit alleges that the franchise refused to pay wage compensation, as provided by law, when it paid workers their wages via a JP Morgan Chase Payroll Card, which required the payment of fees in order to access their wages, and without the option of being paid in cash or by bank check; and

WHEREAS, according to a report in the New York Times, in the overwhelming majority of cases, using a payroll card involves a fee: one provider, for example, charges \$1.75 to make a withdrawal from most A.T.M.'s, \$2.95 for a paper statement, and \$6 to replace a card; and

WHEREAS, according to the report, some users even have to pay \$7 in inactivity fees for not using their cards; and

WHEREAS, the Federal Reserve has banned inactivity fees for credit and debit cards, but no protections exist on payroll cards; and

WHEREAS, paying wages to employees using payroll cards is an increasingly attractive option for many employers seeking to ease the administrative burdens related to check payments; and

WHEREAS, some companies reportedly no longer offer common payroll options such as ordinary checks or

direct deposit; and

WHEREAS, according to consumer advocates, at companies where there is a choice, it is often more in theory than in practice since employees are often automatically enrolled in the payroll card programs and confronted with a pile of confusing paperwork if they choose to opt out; and

WHEREAS, payroll cards are particularly popular with retailers and restaurants and are gaining momentum; and

WHEREAS, according to industry estimates, \$34 billion was loaded onto 4.6 million active payroll cards in 2012 and \$68.9 billion is expected to be loaded onto 10.8 million cards by 2017; and

WHEREAS, according to estimates from the Federal Deposit Insurance Corporation, approximately 10 million households in the United States do not have a bank account; and

WHEREAS, the corporate authorities of the City of Chicago intend to provide employees in the city with a full disclosure of all fees associated with payroll cards and the option to avoid such fees; now therefore

Edward M. BuRe, Alderman, 14<sup>th</sup> Ward

BE IT RESOLVED, that Chicago employers using payroll cards and financial institutions that issue payroll cards and are hereby invited appear before the Committee on Finance to testify at a hearing regarding the use of payroll cards.

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