

Client Alert.

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California Payroll Card Legislation Vetoed

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Yesterday, California Governor Edmund G. Brown, Jr. vetoed S.B. 931, a bill that would have amended the California Labor Code to regulate the issuance of payroll cards. Governor Brown cited “numerous and costly new requirements on pay card providers” as a reason for his veto.

S.B. 931 would have permitted employers to pay wages to an employee through a payroll card, but only if the employer met the many conditions that would have been imposed by the bill. For example, the bill would have required the payroll card issuer to provide various account services at no charge to the employee, and would have limited other issuer revenue sources on payroll card products.

In his veto message, Governor Brown said that legislation may be necessary to provide sensible protections for employees who use payroll cards, but the bill he vetoed simply went too far. However, Governor Brown suggested the possibility of further activity on this topic when the California State Legislature reconvenes on January 4, 2012, and indicated his willingness to work with interested parties to create a “better solution.” Governor Brown’s veto message can be accessed through the following link: http://gov.ca.gov/docs/SB_931_Veto_Message.pdf.

Please refer to our earlier California Payroll Card Legislation client alert for further detail:
<http://www.mofo.com/files/Uploads/Images/111005-Summary-of-California-Payroll-Card-Legislation.pdf>.

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