WEST VIRGINIA LEGISLATURE

2022 REGULAR SESSION

Introduced

House Bill 4366

By Delegate Westfall

[Introduced on January 25, 2022;

Referred to the Committee on Workforce Development then the Judiciary]

A BILL to amend and reenact §21-5-3 and §21-5-4 of the Code of West Virginia, 1931, as amended, all related to the electronic payment of wages.

Be it enacted by the Legislature of West Virginia:

ARTICLE 5. WAGE PAYMENT AND COLLECTION.

§21-5-3. Payment of wages by employers other than railroads; assignments of wages.

(a) Every person, firm, or corporation doing business in this state, except railroad companies as provided in §21-5-1 of this code, shall settle with its employees at least twice every month, in a manner of the person, firm, or corporation’s choosing as set forth in subsection (b), and with no more than 19 days between settlements, unless otherwise provided by special agreement, and pay them the wages due, less authorized deductions and authorized wage assignments, for their work or services.

(b) Payment required in subsection (a) of this section shall be made by the person, firm, or corporation in one of the following ways:

(1) In lawful money of the United States;

(2) By ~~cash order as described and required in §21-5-4 of this code~~ check or money order;

(3) By deposit or electronic transfer of immediately available funds into an employee’s payroll card account in a federally insured depository institution. The term “payroll card account” means an account in a federally insured depository institution that is directly or indirectly established through an employer and to which electronic fund transfers of the employee’s wages, salary, commissions, or other compensation are made on a recurring basis, whether the account is operated or managed by the employer, a third person payroll processor, a depository institution, or another person. “Payroll card” means a card, code, or combination thereof or other means of access to an employee’s payroll card account, by which the employee may initiate electronic fund transfers or use a payroll card to make purchases or payments. ~~Payment of employee compensation by means of a payroll card must be agreed upon in writing by both the person firm, or corporation paying the compensation and the person being compensated~~ An employer who compensates its employees using payroll cards shall provide full written disclosure of any applicable fees associated with the payroll card. If an employee does not provide the financial institution, type of account, and account number as specified under subsection (4) below to enable direct deposit, the employer may pay such employee by payroll card pursuant to this section; or

(4) By any method of depositing immediately available funds in an employee’s demand or time account in a bank, credit union, or savings and loan institution ~~that may be agreed upon in writing between the employee and such person, firm, or corporation, which agreement shall specifically identify the employee, the~~ upon the employee’s identification of his or her financial institution, the type of account, and the account number: *Provided,* That nothing herein contained shall be construed in a manner to require any person, firm, or corporation to pay employees by depositing funds in a financial institution.

(c) If, at any time of payment, any employee is absent from his or her regular place of labor and does not receive his or her wages through a duly authorized representative, he or she is entitled to payment at any time thereafter upon demand upon the proper paymaster at the place where his or her wages are usually paid and where the next pay is due.

(d) Nothing herein contained may affect the right of an employee to assign part of his or her claim against his or her employer except as in subsection (e) of this section.

(e) No assignment of or order for future wages may be valid for a period exceeding one year from the date of the assignment or order. An assignment or order shall be in writing and shall specify thereon the total amount due and collectible by virtue of the same and, unless otherwise provided for in subsection (f) of this section, three-fourths of the periodical earnings or wages of the assignor are all times exempt from such assignment or order and no assignment or order is valid which does not so state upon its face: *Provided,* That no such order or assignment is valid unless the written acceptance of the employer of the assignor to the making thereof is endorsed thereon: *Provided, however,* That nothing herein contained may be construed as affecting the right of a private employer and its employees to agree between themselves as to deductions to be made from the payroll of employees.

(f) If an employee of the State has been overpaid wages, including incremental salary increases pursuant to §5-5-2 of this code, an employee may voluntarily authorize a written assignment or order for future wages to the State to repay the overpayment in an amount not to exceed three-fourths of his or her periodical earnings or wages.

(g) Nothing in this chapter shall be construed to interfere with the right of an employee to join, become a member of, contribute to, donate to, or pay dues or fees to a union, labor organization, or club.

§21-5-4. Cash orders; employees separated from payroll before paydays; employer provided property.

(a) In lieu of lawful money of the United States, any person, firm or corporation may compensate employees for services by cash order which may include checks, direct deposits, payroll cards, or money orders on banks convenient to the place of employment where suitable arrangements have been made for the cashing of the checks by employees or deposit of funds for employees for the full amount of wages.

(b) Whenever a person, firm or corporation discharges an employee, or whenever an employee quits or resigns from employment, the person, firm or corporation shall pay the employee’s wages due for work that the employee performed prior to the separation of employment on or before the next regular payday on which the wages would otherwise be due and payable: *Provided,* That fringe benefits, as defined in section one of this article, that are provided an employee pursuant to an agreement between the employee and employer and that are due, but pursuant to the terms of the agreement, are to be paid at a future date or upon additional conditions which are ascertainable are not subject to this subsection and are not payable on or before the next regular payday, but shall be paid according to the terms of the agreement. For purposes of this section, “business day” means any day other than Saturday, Sunday or any legal holiday as set forth in §2-2-1 of this code.

(c) Payment under this section may be made in person in any manner permissible under section three of this article, through the regular pay channels or, if requested by the employee, by mail. If the employee requests that payment under this section be made by mail, that payment shall be considered to have been made on the date the mailed payment is postmarked.

(d) When work of any employee is suspended as a result of a labor dispute, or when an employee for any reason whatsoever is laid off, the person, firm or corporation shall pay in full to the employee not later than the next regular payday, either through the regular pay channels or by mail if requested by the employee, wages earned at the time of suspension or layoff.

(e) If a person, firm or corporation fails to pay an employee wages as required under this section, the person, firm or corporation, in addition to the amount which was unpaid when due, is liable to the employee for two times that unpaid amount as liquidated damages. This section regulates the timing of wage payments upon separation from employment and not whether overtime pay is due. Liquidated damages that can be awarded under this section are not available to employees claiming they were misclassified as exempt from overtime under state and federal wage and hour laws. Every employee shall have a lien and all other rights and remedies for the protection and enforcement of his or her salary or wages, as he or she would have been entitled to had he or she rendered service therefor in the manner as last employed; except that, for the purpose of liquidated damages, the failure shall not be deemed to continue after the date of the filing of a petition in bankruptcy with respect to the employer if he or she is adjudicated bankrupt upon the petition.

(f)(1) Notwithstanding any provision in this section to the contrary, if at the time of discharge or resignation, an employee fails to return employer provided property, as set forth by the parties under paragraph (C) of this subsection, the employer may withhold, deduct or divert an employee’s final wages, in an amount not to exceed the replacement cost of the employer provided property that was not returned as set forth under paragraph (C) of this subsection, to recover the replacement cost of the employer provided property, subject to the following:

(A) The employer provided property had been provided to the employee in the course of, and for use in, the employer’s business;

(B) The employer provided property has a value in excess of $100;

(C) The employee had signed a written agreement with the employer contemporaneous with the obtaining of the employer provided property, or signed and ratified an agreement if property had been provided prior to the effective date of this provision; and such agreement contained, at a minimum, the following information:

(i) Specific itemization of the employer provided property, with a specified replacement cost;

(ii) Clear statement that such items are to be returned immediately upon discharge or resignation; and

(iii) Clear statement, coupled with the employee’s acknowledgement and agreement, that should the employee fail to timely return the specified items, the replacement cost of such items may be recovered by the employer from the employee’s final wages;

(D) The employer shall notify the employee in writing at the time of discharge or resignation by personal service, or as soon thereafter as practicable by personal service or via certified mail with return receipt requested, as to the replacement cost of the items and make a demand for return of such employer provided property within a certain date, not to exceed 10 business days of the notification; and

(E) The employer shall relinquish the withheld, deducted or diverted wages to the employee if the employee returns the employer’s property, equipment, supplies and uniforms in a condition suitable for the age and usage of the items within the deadline specified in paragraph (D) of this subsection: *Provided,* That uniforms returned to the employer within three years of their issuance shall be deemed acceptable in their current condition at the time of separation from employment for purposes of this section: *Provided further,* replacement tools are deemed to be the property of the employee and are not subject to the provisions of this section.

(2) Nothing herein precludes an employee from voluntarily consenting in writing to an employer’s withholding, deduction or diversion of a certain amount from the employee’s final wages in satisfaction of subsection (1) of this section.

(3) If an employee objects to the replacement cost amount to be deducted by an employer, and provides such written objection within the deadline specified in paragraph (D), subsection (1) of this subsection, then the employer shall place the controverted amount in an interest bearing escrow account: *Provided,* That if a civil action or equitable relief is not brought by the employee for the claimed amount within three months, the employee shall forfeit the amount in escrow and such money shall revert to the employer.

(4) Nothing in this subsection is intended, nor shall it be construed, to abolish or limit any other remedies available to an employer to recover employer provided property, damages related to employer provided property or any other damages or relief, equitable or otherwise, available under any applicable law.

(5) Notwithstanding any provision in this section to the contrary, this provision shall not apply to employer-employee business relationships that are subject to, and governed by, collective bargaining agreements.

(6) For purposes of this section the following terms mean:

(A) The term “employer provided property” means all property provided by an employer to an employee for use in the employer’s business, including but not limited to, equipment, phone, computer, supplies or uniforms.

(B) The term “replacement cost” means actual cost paid by an employer for employer provided property, or for the same or similar property, if the original employer provided property no longer exists. In calculating the “replacement cost”, the cost shall include any vendor discounts provided to the employer for such property.

(C) The term “replacement tools” means equipment, other than uniforms, provided by the employer to the employee for use in the course of the employer’s business and to replace equipment provided by the employee that is lost.

NOTE: The purpose of this bill is to allow employers to pay wages to their employees by either direct deposit or payroll card.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.