

**PUBLIC CHAPTER NO. 874****HOUSE BILL NO. 3095****By Representatives Fitzhugh, Hardaway, Miller**

Substituted for: Senate Bill No. 2633

By Senator Johnson

AN ACT to amend Tennessee Code Annotated, Section 50-2-103, relative to payments to employees by employers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-2-103(e), is amended by deleting the subsection in its entirety and by substituting instead the following:

(e)

(1) The payment of wages or compensation of employees in the employments defined in this section shall be made as follows:

(A) In lawful money of the United States;

(B) By a good and valid negotiable check or draft, payable on presentation of the check or draft at some bank or other established place of business without discount, exchange or cost of collection, in lawful money of the United States;

(C) Electronic automated fund transfer in lawful money of the United States; or

(D) Credit to a prepaid debit card issued through a network system from which the employee is able to withdraw or transfer funds, subject to the limitations contained in subdivisions (e)(2) and (e)(3).

(2) An employer who chooses to compensate its employees using prepaid debit cards under subdivision (e)(1)(D) shall also give employees the choice of being paid by electronic transfer under subdivision (e)(1)(C). If after the employer has explained this system to an employee and provided full written disclosure of any applicable fees associated with the prepaid debit card and the employee does not designate an account at a financial institution in advance and as required by the employer for the payroll transfer to occur, then the employer may arrange to pay such employee by prepaid debit card pursuant to subdivision (e)(1)(D).

(3) If an employer pays its employees their wages on a prepaid debit card pursuant to subdivision (e)(1)(D), then such employer shall insure that each employee shall have the ability to make at least one (1) withdrawal or transfer from the prepaid debit card per pay period without cost to the employee for any amount contained on the card.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: April 19, 2010**

  
KENT WILLIAMS, SPEAKER  
HOUSE OF REPRESENTATIVES

  
RON RAMSEY  
SPEAKER OF THE SENATE

**APPROVED this 3rd day of May 2010**

  
PHIL BREDESEN, GOVERNOR