

Recent Amendment Does Not Change Most Employers' Obligation of Obtaining Employee Consent to Directly Deposit Wages

January 17, 2005

On December 31, 2004, Governor Jennifer Granholm signed Senate Bill No. 851 into law. This bill amends a provision of the Michigan Wages and Fringe Benefits Act, MCL 408.476, by expressly permitting employers to pay wages to their employees by not only United States currency and negotiable check, but also by direct deposit or electronic transfer and payroll debit card.

The amended law does not, however, change an employer's obligation to first obtain its employees' written consent before paying wages by direct deposit, electronic transfer, or payroll debit card, unless one of two narrow exceptions apply. One exception allows employers who, on or before January 1, 2005, had been paying wages by payroll debit card to at least one of their employees to pay wages to any of their employees by payroll debit card without obtaining written consent. The other exception only applies to "nonclassified state government employees" and "elected and appointed state officials."

There is speculation that the Michigan Legislature may revisit this issue later in the year, and possibly further amend the law to allow all employers to directly deposit their employees' pay without prior written consent. Miller Canfield will keep you up to date on any such developments.

If you have any questions about this or any other employment practices, feel free to contact the Labor and Employment Group; Adam S. Forman at (313) 496-7654, email: forman@millercanfield.com; or Kalyn D. Redlowsk at (269) 383-5835, email: redlowsk@millercanfield.com. This message is for general information only and should not be used as a basis for specific action without obtaining further legal advice.