Senate Engrossed House Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

CHAPTER 200

HOUSE BILL 2370

AN ACT

AMENDING SECTION 23-351, ARIZONA REVISED STATUTES; RELATING TO THE PAYMENT OF WAGES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 23-351, Arizona Revised Statutes, is amended to read:

23-351. Designation of paydays for employees; payment; exceptions; violation; classification

A. Each employer in this state shall designate two or more days in each month, not more than sixteen days apart, as fixed paydays for payment of wages to the employees.

B. Notwithstanding ~~the provisions of~~ subsection A OF THIS SECTION, each employer in this state whose principal place of business is located outside ~~the~~ OF THIS state ~~of Arizona~~ and whose payroll system is centralized outside ~~the~~ OF THIS state ~~of Arizona~~ may designate one or more days in each month as fixed paydays for payment of wages to the following employees:

1. Professional, administrative or executive employees or employees employed in the capacity of an outside salesman as those terms are defined under the fair labor standards act of 1938, as amended.

2. Employees employed in a supervisory capacity as defined under the national labor relations act.

C. Each employer ~~shall~~, on each of the regular paydays, SHALL pay to the employees all wages due the employees up to such date, except:

1. In the case of employees remaining in the service of any such employer, with the exception of school district employees, all wages other than overtime or exception pay not to exceed five days of labor may be withheld. School districts may withhold wages FOR UP TO SEVEN BUSINESS DAYS during their normal ~~two week~~ TWO-WEEK payroll processing cycle. An employer other than a school district may satisfy the requirements of this paragraph by any of the following:

(a) Personally delivering the wages to the employee ~~no~~ NOT later than five business days after the end of the most recent pay period.

(b) Depositing the wages in the United States mail ~~no~~ NOT later than five business days after the end of the most recent pay period for delivery to an address specified by the employee.

(c) Personally delivering the wages to the employee ~~no~~ NOT later than ten days after the end of the most recent pay period for an employer whose payroll system is centralized outside ~~the~~ OF THIS state ~~of Arizona~~.

2. In the case of employees of school districts or of the Arizona state schools for the deaf and the blind, the annual salary may be prorated in any number of payments, and the employee may select whether to have the salary prorated or paid during the actual months worked. If the employee's salary is prorated, all such payments still due at the close of the school attendance year or fiscal year may at the option of the employee be paid in either a lump sum or paid within a period of two months after the close of the fiscal year. IF THE EMPLOYEE'S SALARY IS PRORATED, THE EMPLOYEE'S SALARY UNDER THE CONTRACT MAY BE PRORATED INTO

EQUAL PAYMENTS AND PAID BEGINNING WITH THE FIRST PAY PERIOD THAT THE EMPLOYEE WORKS.

3. Overtime or exception pay shall be paid ~~no~~ NOT later than sixteen days after the end of the most recent pay period.

D. An employer may choose one of the following methods to pay wages to employees under subsection A OF THIS SECTION:

1. In lawful currency of the United States.

2. In negotiable bank checks.

3. In the case of this state or any political subdivision of this state, warrants payable on demand and bearing even date with the payday.

4. With the written consent of the employee, by deposit on the payday to the employee's credit at a financial institution of the employee's choice that is a member of the federal deposit insurance corporation or any other comparable federal or state agency.

5. If the employer has offered deposit on the payday to the employee's credit at a financial institution of the employee's choice that is a member of the federal deposit insurance corporation or any other comparable federal or state agency and the employee does not provide consent and does not designate a financial institution, by deposit on the payday to the employee's credit to a payroll card account.

E. When an employee's wages are paid by deposit in a financial institution the employee shall be furnished with a written or electronic statement of the employee's earnings and withholdings. Any wage deposit plan adopted by an employer shall entitle the employee to one withdrawal for each deposit, free of any service charge to the employee. The consent of an employee for payment of wage by deposit in a financial institution shall not constitute a prior assignment of wages to the financial institution and is revocable at any time ~~prior to~~ BEFORE the transmittal to the financial institution by the employer. ~~No~~ A person shall NOT be denied employment nor discharged or reprimanded for refusal to consent to payment of wage by deposit in a financial institution.

F. When an employee's wages are paid to a payroll card account the employee shall be furnished with a written or electronic statement of the employee's earnings and withholdings. A payroll card account plan adopted by an employer shall entitle the employee to one free withdrawal for each deposit of wages per pay period but not more frequently than once per week. An employer shall also provide a list of all fees associated with the use of an employer provided payroll card account to an employee who receives wages by deposit to a payroll card account.

G. Subsection B ~~shall~~ OF THIS SECTION DOES not apply to employees whose salaries are subject to provisions of collective bargaining agreements.

H. Each employer in this state, in its discretion, may pay all wages due TO an employee by deposit on the payday at a financial institution of the employee's choice or, if the employee does not designate a financial institution, to a payroll card ACCOUNT. For the

1 purposes of this subsection, "financial institution" means a member of the
2 federal deposit insurance corporation or of any other comparable federal
3 or state agency.
4 I. Any employer who violates a provision of this section is guilty
5 of a petty offense.
6 Sec. 2. Effective date
7 Section 23-351, Arizona Revised Statutes, as amended by this act, is
8 effective from and after June 30, 2018.

APPROVED BY THE GOVERNOR APRIL 26, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2017.

Passed the House February 21, 2017

by the following vote: 56 Ayes,

2 Nays, 2 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate April 4, 2017

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

Secretary of State

H.B. 2370

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 25, 20 17,

by the following vote: 57 Ayes,

0 Nays, 2 Not Voting 1 vacant

Speaker of the House

Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

25th day of April, 20 17,

at 12:09 o'clock P. M.

Secretary to the Governor

Approved this 26th day of

April, 20 17,

at 3:06 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 26 day of April, 20 17,

at 4:44 o'clock P M.

Michele Reagan
Secretary of State

H.B. 2370