

AMERICAN PAYROLL ASSOCIATION

January 21, 2021

The Honorable Nellie Pou
Chair, Commerce Committee
New Jersey Senate
125 West State Street
Trenton, NJ 08608
Via email SenPou@njleg.org

Re: A3450, An Act concerning earned income access services and supplementing Title 17 of the Revised Statutes – **Support for passage in Senate with comments**

Dear Senator Pou:

The American Payroll Association (APA)¹ supports A3450, passed by the Assembly on January 11, 2021, that would establish requirements for certain earned income access services, recognize the value of these services to employers and employees, and regulate service providers.

As previously shared with you, the APA supports the ability of employers to offer earned wage access programs to their employees as a means for financial wellness that is less expensive and predatory than payday lending and bank overdraft fees. The APA also supports measures in A3450 that offer a reasonable approach to employer and employee protections.

The APA observes that A3450 only applies to models that involve employers and not direct-to-consumer models. Therefore, in supporting A3450, the APA is not commenting on separate issues associated with direct-to-consumer programs.

In addition, the APA recognizes that New Jersey does not allow payday lending. For reference, the federal Consumer Financial Protection Bureau (CFPB) recently issued an

¹Established in 1982, the American Payroll Association (APA) is a not-for-profit association serving the interests of about 20,000 payroll professionals nationwide. APA's primary mission is to educate its members and the payroll industry about the best practices associated with paying America's workers while complying with applicable federal, state, and local laws and regulations. APA members are directly responsible for calculating wages and tax withholding for their employers.

advisory opinion² and compliance assistance sandbox (CAS) approval order³ that identify certain characteristics for earned wage access that impact a credit determination under the Truth in Lending Act (TILA). The opinion and order were issued strictly in response to the facts presented in the individual requests regarding the applicability of TILA, Regulation Z; however, the CFPB offers some insight on earned wage access programs.

The APA believes that A3450 is a sensible compromise incorporating key consumer disclosures and other protections as well as including safeguards, such as oversight by the New Jersey Department of Banking and Insurance. New Jersey consumers and employers would benefit from legislative recognition and wider availability of earned income access services for working families.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For APA's Government Relations Task Force
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² 85 *Fed. Reg.* 79404 (December 10, 2020)

³ https://files.consumerfinance.gov/f/documents/cfpb_payactiv_approval-order_2020-12.pdf