

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

# 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)

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

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

4 23-351. Designation of paydays for employees; payment;  
5 exceptions; violation; classification

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

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

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

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

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

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

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

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

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

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

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

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

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

7 1. In lawful currency of the United States.

8 2. In negotiable bank checks.

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

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

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

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

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

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

43 H. Each employer in this state, in its discretion, may pay all  
44 wages due TO an employee by deposit on the payday at a financial  
45 institution of the employee's choice or, if the employee does not  
46 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.