



NEW YORK STATE SENATE DEMOCRATIC MAJORITY

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Senate Majority Announces Sweeping Payroll Legislation To Safeguard Hard Working New Yorkers

(Albany, NY) The Senate Democratic Majority today introduced sweeping legislation to address concerns with the payroll industry and respond to the crisis caused by MyPayrollHr. The payroll company recently shut down leaving thousands of hardworking New Yorkers without pay. The Senate Democratic Majority bills will establish criminal penalties and liability for misappropriating payroll funds, empower wronged employees to take civil action and receive tax credits, ensure employees' funds are not wrongfully withdrawn, and launch a study into the payroll services industry.

“New Yorkers depend on their paychecks and deserve to know they will be paid for their hard work,” **Senate Majority Leader Andrea Stewart-Cousins** said. “The abrupt closure of MyPayrollHr has left thousands of workers across New York and the United States without pay, and has severely damaged our confidence in the entire payroll industry. The legislation announced today by the Senate Democratic Majority will help protect hardworking New Yorkers and provide safeguards against future payroll company caused crises.”

The legislation introduced by the Senate Democratic Majority includes:

- **Protections Against Misappropriating Payroll:** This bill, sponsored by Senator David Carlucci, establishes criminal penalties for intentionally misappropriating payroll and payroll tax funds. This bill also allows companies to be held criminally liable for these crimes.
- **Payroll Company Accountability:** This bill, sponsored by Senator Kevin Thomas, allows employees who miss a paycheck due to the wrongful acts of a payroll processing company to hold that company liable for compensation up to three times the value of the paycheck.
- **Tax Credit for Lost Wages:** This bill, sponsored by Senator Brian Benjamin, provides a refundable personal income tax credit of up to \$250 for losses and penalties incurred due to the loss of a paycheck by an employee due to the actions of a payroll service company.
- **Payroll Deductions Accountability:** This bill, sponsored by Senator Jessica Ramos, clarifies that deductions cannot be made from employee accounts if they do not constitute overpayment or are dispersed at an improper time. This prevents employees from being affected in the situation where a company makes a clerical error harmful to the company but the employee receives wages they were rightfully owed.
- **Insurance Study Bill:** This bill, sponsored by Senator Neil Breslin, requires the Superintendent of DFS in consultation with the Commissioner of the Dept. of Taxation and Finance to study the payroll services industry and make recommendations to the legislature and governor.

Bill Sponsor, Senator Brian Benjamin said, “The legislation that I have introduced will allow employees to receive a refundable income tax credit of up to \$250 for losses and penalties incurred because of a missed

paycheck due to the malpractices of a payroll service company. This legislation will ensure that payroll service companies are held accountable for their actions and help mitigate the financial hardships they have put on hardworking New Yorkers.”

Bill Sponsor, Senator Neil Breslin said, “It is vital that we take a closer look at the payroll services industry in light of what occurred at MyPayrollHR. By further studying this industry we can better assess whether additional consumer protections are necessary and whether any legislative and/or regulatory changes are needed to ensure the credibility of this industry.”

Bill Sponsor, Senator David Carlucci said, “MyPayrollHR exposed how vulnerable New Yorkers are to direct deposit fraud. We must update our laws to protect New Yorker’s hard earned money and hold unscrupulous payroll companies accountable.”

Bill Sponsor, Senator Jessica Ramos said, “Workers should not be punished for business malpractice. The MyPayrollHR incident should never happen again and that is why I am I introducing the Payroll Deductions bill to prohibit employers from stripping employees’ wages when there’s a clerical error. My colleagues and I will continue to stand up for workers across New York and find ways to prevent future incidents like this from occurring again.”

Bill Sponsor, Senator Kevin Thomas said, “A missed paycheck can significantly disrupt workers’ lives and burden them with financial uncertainty. Payroll companies must be held accountable when they fail to distribute the payroll as required. This legislation allows those hurt by a payroll processing company to seek compensation for missed paychecks.”

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