



Legislature Passes Amendments to the Wage Deduction Statute

June 28, 2012

On June 21, 2012, the State Senate and Assembly passed a bill which will amend Section 193 of the Labor Law, allowing a wider range of wage deductions than is currently allowed. Governor Cuomo is expected to sign the bill.

Currently, Section 193 of the Labor Law only allows for very limited deductions from employees' paychecks, including "insurance premiums, pension or health and welfare benefits, contributions to charitable organizations, payments for United States bonds, payments for dues or assessments to a labor organization, and similar payments for the benefit of the employee."

Courts and the New York State Department of Labor have interpreted the law very narrowly. Only deductions "similar" to the specific types listed were permitted, even if the employee agreed to them. For example, if an employer lends money to an employee, or advances pay to the employee, the employer may not make deductions from future paychecks for repayment of this debt, even if the employee voluntarily agrees to such deductions.

The amendment will provide employers and employees with more allowable deductions. In addition to those already allowed under the current Section 193, the amendments will allow deductions for the following: discounted parking costs; certain mass transit costs; certain purchases from charities affiliated with the employer; gym membership dues; certain cafeteria, vending machine, and gift shop purchases (if the employer is a hospital, college or university); pharmacy purchases made at the employer's place of business; tuition, room, and board payments for educational pursuits; daycare costs; and housing costs for employees of hospitals which offer housing to employees.

In addition, in a major policy shift, employers would be permitted to recover wage overpayments and wage advances by payroll deduction under certain circumstances, subject to future regulations to be promulgated by the Department of Labor.

The bill is subject to certain safeguards, including the maximum deduction allowed and the ability to revoke the deduction authorization.

Governor Cuomo is expected to sign the bill into law. We will continue to update you as the bill is signed and new regulations become available. If you have any questions about this new law or any other employment-related

inquiries, please contact one of the members of our Labor and Employment Department, and we will be happy to assist you.

Practices

- Labor and Employment

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