Legislation Details (With Text)

File #:	Res 1233-2012	**Version:**	*	**Name:**	NYS Dept of Labor to eliminate all banking fees on Direct Payment Cards used for unemployment insurance benefit payments.
Type:	Resolution			**Status:**	Filed
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Title: Resolution calling on the New York State Department of Labor to eliminate all banking fees on Direct Payment Cards used for unemployment insurance benefit payments.

Sponsors:

Indexes:

Attachments:

Date	Ver.	Action By	Action	Result
2/29/2012	*	City Council	Introduced by Council	
2/29/2012	*	City Council	Referred to Comm by Council	
12/31/2013	*	City Council	Filed (End of Session)	

Res. No. 1233

Resolution calling on the New York State Department of Labor to eliminate all banking fees on Direct Payment Cards used for unemployment insurance benefit payments.

By Council Members Comrie, Gentile, James, Lander, Levin, Mealy, Rose, Williams, Wills, Mark-Viverito, Palma, Dromm and Rodriguez

Whereas, Forty-one states currently contract with banks to issue unemployment insurance benefits on prepaid debit cards; and

Whereas, Such prepaid debit cards look and work like mainstream debit cards, allowing beneficiaries to purchase goods and services, pay bills, and, depending on the issuing bank, make free cash withdrawals from in-network banks and automated teller machines (ATMs); and

Whereas, Distributing unemployment benefits through prepaid debit cards save states money by eliminating costs associated with printing and mailing checks; and

Whereas, Using prepaid debit cards for unemployment benefits also helps reduce the likelihood of lost

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or stolen checks, and dissuades those in dire financial straits from patronizing unscrupulous check cashing businesses; and

Whereas, Despite the obvious advantages of dispensing government benefits via a prepaid debit card, the fee structures in some states can be particularly burdensome to beneficiaries and can include ATM fees for both in- and out-of-network machines, balance inquiry fees, denied transaction fees, overdraft fees, customer service fees, teller-assisted withdrawal fees and inactivity fees; and

Whereas, For those living in isolated or underbanked areas, the cost of travelling to an in-network bank or ATM are as onerous as the fees incurred from transacting with an out-of-network financial institution; and

Whereas, Because prepaid debit cards used for government benefits are exempt from federal law capping interchange fees on debit and credit card transactions, issuing banks benefit from additional revenue streams through the fees they are able to levy against merchants who accept the charges; and

Whereas, Imposing fees on benefits cards unfairly penalizes those who are already of limited means; and

Whereas, New York State has used Direct Payment Cards to dispense unemployment benefits since 2006; and

Whereas, These prepaid debit cards are issued by JP Morgan Chase, carry a MasterCard logo, and can be used for free at any Chase or Allpoint bank or ATM, or by visiting a teller at a MasterCard-affiliated bank; and

Whereas, The New York State Direct Benefit Card carries a 50 cent fee for a transaction denied due to insufficient funds, a 50 cent fee for a balance inquiry at an out-of-network ATM, and a $1.50 fee for each withdrawal from an out-of-network ATM after two initial free withdrawals each month; and

Whereas, While the fees associated with New York State's unemployment benefits prepaid debit card are not as burdensome as those in other states, the fees still present a financial obstacle in a state where the average weekly unemployment benefit is approximately $303; and

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Whereas, New York State must ensure that those who rely on unemployment benefits while they attempt to reenter the job market receive the full benefits to which they are entitled; now, therefore, be it

Resolved, That the Council of the City of New York calls on the New York State Department of Labor to eliminate all banking fees on Direct Payment Cards used for unemployment insurance benefit payments.

DMB
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