

# SENATE BILL No. 448

August 1, 1991, Introduced by Senator FAUST and referred to the Committee on Corporations and Economic Development.

A bill to provide for the direct deposit of state employee payrolls, state university payments, and state retirement benefit payments into financial institutions; to allow any financial institution to participate in a state employee payroll deduction program; and to prescribe the powers and duties of certain state agencies and officials.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this act:

2       (a) "Department" means the department of treasury.

3       (b) "Financial institution" means a state or nationally  
4 chartered bank, a state or federally chartered savings and loan  
5 association or savings bank, or a state or federally chartered  
6 credit union.

7       (c) "Person" means an individual, partnership, association,  
8 corporation, governmental entity, or any other legal entity.

1 (d) "State employee" means a classified or unclassified  
2 member of the state civil service or an unclassified employee of  
3 the executive, legislative, or judicial branch of state  
4 government.

5 (e) "University" means a state-supported 4-year college or  
6 university.

7 Sec. 2. Within 12 months after the effective date of this  
8 act or January 1, 1993, whichever is later, the department shall  
9 establish a distribution system by which a state employee, a  
10 state university, or a recipient of a state retirement benefit  
11 may direct that the entire amount of the payroll, university, or  
12 retirement payment be directly deposited by the department into  
13 not more than 1 account maintained by the employee, university,  
14 or retirement recipient with a financial institution.

15 Sec. 3. (1) The department shall promulgate rules to imple-  
16 ment this act pursuant to the administrative procedures act of  
17 1969, Act No. 306 of the Public Acts of 1969, being sections  
18 24.201 to 24.328 of the Michigan Compiled Laws.

19 (2) The promulgated rules shall include, but are not limited  
20 to, the following:

21 (a) Except as provided in subsection (3), a reasonable fee  
22 not greater than the actual costs of administering the direct  
23 deposit program to be charged to the participating financial  
24 institution or a participating employee, university, or retire-  
25 ment recipient, or both.

26 (b) The terms and conditions of any agreements under this  
27 act between the participating financial institutions and the

1 department or between the employee, university, or retirement  
2 recipient and the department.

3 (3) A financial institution that electronically pays to the  
4 state its sales, use, and withholding taxes shall not be charged  
5 a fee to participate in a program under this act.

6 (4) A state university shall not participate in the direct  
7 deposit program unless the university electronically pays to the  
8 state its sales, use, and withholding taxes.