

Act No. 190
Public Acts of 1991
Approved by the Governor
December 27, 1991
Filed with the Secretary of State
December 27, 1991

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1991**

Introduced by Senator Faust

ENROLLED SENATE BILL No. 448

AN ACT 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:

Sec. 1. As used in this act:

- (a) "College or university" means a state-supported college or university.
- (b) "Department" means the department of treasury.
- (c) "Financial institution" means a state or nationally chartered bank, a state or federally chartered savings and loan association or savings bank, or a state or federally chartered credit union.
- (d) "Person" means an individual, partnership, association, corporation, governmental entity, or any other legal entity.
- (e) "State employee" means a classified or unclassified member of the state civil service or an unclassified employee of the executive, legislative, or judicial branch of state government.

Sec. 2. (1) Within 12 months after the effective date of this act or January 1, 1993, whichever is later, the department and the bureau of retirement systems in the department of management and budget shall enroll active state employees and recipients of a state retirement benefit who elect enrollment in a distribution system that directs the entire net amount of the biweekly payroll or monthly retirement benefit to be directly deposited by the department into not more than 1 account maintained by the employee or recipient of a state retirement benefit with a financial institution.

(2) Within 12 months after the effective date of this act or January 1, 1993, whichever is later, the department shall establish a distribution system by which all state college and university monthly state payments will be made by electronic fund transfer on the next business day following the fifteenth of the month during a month a payment is scheduled to be made.

Sec. 3. Within 12 months after the effective date of this act or January 1, 1993, whichever is later, the department and the department of management and budget shall establish criteria and the distribution system by which a financial institution may participate in a state payroll deduction program.

Sec. 4. (1) The department shall promulgate rules to implement this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(2) The promulgated rules shall include the following:

(a) Except as provided in subsection (3), a reasonable fee not greater than the actual costs of administering the direct deposit program to be charged to the participating financial institution or a participating employee, university, or retirement recipient, or both.

(b) The terms and conditions of any agreements under this act between the participating financial institutions and the department or between the employee, university, or retirement recipient and the department.

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

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

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.