

# HOUSE BILL No. 4047

February 5, 1991, Introduced by Rep. Profit and referred to the Committee on Corporations and Finance.

A bill to provide for the direct deposit of state payroll and retirement payments into financial institutions; 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, a state or federally chartered  
6 credit union, or an affiliate or subsidiary thereof.

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

9       Sec. 2. Within 6 months from the effective date of this  
10 act, the department shall establish a distribution system by

1 which a recipient of a state warrant or other instrument  
2 authorizing the payment of payroll or retirement benefits may  
3 direct that the entire amount of the payment, or any portion  
4 thereof, be directly deposited by the department into 1 or more  
5 accounts maintained by the recipient with a financial  
6 institution.

7       Sec. 3. (1) The department shall promulgate rules to imple-  
8 ment this act pursuant to the administrative procedures act of  
9 1969, Act No. 306 of the Public Acts of 1969, being sections  
10 24.201 to 24.328 of the Michigan Compiled Laws.

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

13       (a) A reimbursement schedule for the reasonable fees and  
14 actual costs of the financial institution or the recipient par-  
15 ticipating in the direct deposit program.

16       (b) The terms and conditions of any agreements between the  
17 participating financial institutions and the department or the  
18 recipient and the department.

19       (c) The terms and conditions under which a third person may  
20 be designated by the recipient to receive the warrant payment and  
21 act as an intermediary to process the payment to a financial  
22 institution on behalf of the recipient.

23       (d) That the transmission of the payment to a financial  
24 institution may be done electronically or otherwise, including,  
25 but not limited to, utilizing the Michigan automated clearing-  
26 house association.