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BILL ANALYSIS

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House Bill 5778 (as passed by the House)  
Sponsor: Representative Jim Howell  
House Committee: Insurance and Financial Services  
Senate Committee: Banking and Financial Institutions

Date Completed: 11-30-00

### **CONTENT**

The bill would amend Public Act 190 of 1991, which regulates the direct deposit of State employee payroll, State university payments, and State retirement benefits into financial institutions, to allow active State employees and recipients of State retirement benefits to elect to have the State directly deposit payments into one or more accounts.

Currently, the Act requires the Department of Treasury to enroll active State employees who elect enrollment in a system that directly deposits their payroll into not more than one account at a financial institution. The bill would require the Department to enroll active State employees who elected enrollment in a distribution system that directly deposited their net payroll amount into one or more accounts at one or more financial institutions.

Further, the Bureau of Retirement Systems in the Department of Management and Budget currently must enroll recipients of State retirement benefits who elect enrollment in a system that directly deposits their monthly retirement benefit into not more than one account at a financial institution. The bill would require the Bureau to enroll recipients of State retirement benefits who elected enrollment in a system that directly deposited their monthly retirement benefits into one or more accounts at a financial institution.

The Act allows the Department of Treasury to charge a participating employee, university, or retirement recipient a fee not greater than the actual costs of administering the direct deposit program or 25 cents (whichever is less) for each transaction and prenotification. The bill would prohibit the Department from charging or imposing any fee on a participating State employee, State college or university, or State retirement recipient. Currently, the Department may charge the fee to a participating financial institution. The bill would retain this provision.

MCL 487.2102 et al.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: J. Runnels

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