

ELECTRONIC TRANSACTIONS INVOLVING LOCAL UNITS



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FISCAL ANALYSIS

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HOUSE BILL 6496 SUBSTITUTE (H-1)

Sponsor: Rep. Marc Shulman

House Committee: Local Government and Urban Policy

FLOOR ANALYSIS - 11/13/02

Analyst(s): Bob Schneider

SUMMARY

The bill would allow local units to enter into an arrangement with an automated clearing house (ACH) that has the authority to process electronic payments. The local units would be required to adopt a resolution to authorize electronic transactions and the treasurer or electronic transactions officer would have to submit a written ACH policy to the governing body which is to include various accountability and internal control provisions as outlined in the bill. The bill also allows the Department of Treasury, after notice and hearing, to limit or suspend the a local unit's authority to make electronic transactions for failure to comply with statutory or local requirements.

While the bill would impose short-term costs on local units desiring to initiate electronic transactions related to developing appropriate policies and procedures as required under the bill, these costs would likely be offset in the long-run by savings achieved through the use of electronic transactions.