



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 851 (as reported without amendment)
Sponsor: Senator Jason E. Allen
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend Public Act 390 of 1978, which regulates the payment of wages and fringe benefits, to allow employers to pay wages by direct deposit or electronic transfer to an employee's account at a financial institution. An employer electing to do so would have to provide employees with notice of the election and a period of at least six weeks for them to establish an account at a financial institution to accept the deposit or transfer of wages. The bill would delete language prohibiting an employer from depositing an employee's wages in a bank, credit union, or savings and loan association without the full, free, and written consent of the employee or prospective employee, obtained without intimidation, coercion, or fear of discharge or reprisal for refusal to permit the deposit.

Currently, an employer or agent of the employer may pay wages to an employee by payment in United States currency, or by a negotiable check or draft payable on presentation at a financial institution or other established place of business without discount in United States currency. The bill also would allow direct deposit or electronic transfer, as described above.

MCL 408.476

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have an indeterminate impact on local units of government. To the extent that it would facilitate the use of electronic fund transfers, savings would be realized after initial start-up costs. For the State of Michigan, the Department of Management and Budget estimates a net saving of \$0.47 per transaction for EFT transactions compared with transactions processed by warrants.

The bill would have no fiscal impact on the Department of Labor and Economic Growth.

Date Completed: 3-26-04

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