

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5778**

A bill to amend 1991 PA 190, entitled

"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,"

by amending sections 2, 3, and 5 (MCL 487.2102, 487.2103, and 487.2105), section 5 as added by 1993 PA 100.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) ~~Within 12 months after the effective date of~~
2 ~~this act or January 1, 1993, whichever is later, the department~~
3 ~~and the~~ THE bureau of retirement systems in the department of
4 management and budget shall enroll ~~active state employees and~~
5 recipients of a state retirement benefit who elect enrollment in
6 a distribution system that directs the entire net amount of the
7 ~~biweekly payroll or~~ monthly retirement benefit to be directly

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1 deposited by the department into ~~not more than 1 account~~ 1 OR
2 MORE ACCOUNTS maintained by the ~~employee or~~ recipient of a
3 state retirement benefit with ~~a financial institution~~ 1 OR MORE
4 FINANCIAL INSTITUTIONS.

5 (2) ~~Within 12 months after the effective date of this act or~~
6 ~~January 1, 1993, whichever is later, the~~ THE department shall
7 ~~establish~~ MAINTAIN a distribution system by which all state
8 college and university monthly state payments will be made by
9 electronic ~~fund~~ FUNDS transfer on the next business day follow-
10 ing the fifteenth of the month during a month a payment is sched-
11 uled to be made.

12 (3) THE DEPARTMENT SHALL ENROLL ACTIVE STATE EMPLOYEES WHO
13 ELECT ENROLLMENT IN A DISTRIBUTION SYSTEM THAT DIRECTLY DEPOSITS
14 THEIR NET PAYROLL AMOUNT INTO 1 OR MORE ACCOUNTS AT 1 OR MORE
15 FINANCIAL INSTITUTIONS.

16 Sec. 3. ~~Within 12 months after the effective date of this~~
17 ~~act or January 1, 1993, whichever is later, the~~ THE department
18 and the department of management and budget shall establish cri-
19 teria and the distribution system by which a financial institu-
20 tion may participate in a state payroll deduction program.

21 Sec. 5. (1) Beginning January 1, 1994, the department may
22 charge a participating financial institution ~~or a participating~~
23 ~~employee, university, or retirement recipient, or both,~~ a rea-
24 sonable fee not greater than the actual costs of administering
25 the direct deposit program or a fee of 25 cents, whichever is
26 less, for each transaction and prenotification. THE DEPARTMENT
27 SHALL NOT CHARGE OR IMPOSE ANY FEE ON A PARTICIPATING STATE

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1 EMPLOYEE, STATE COLLEGE OR UNIVERSITY, OR STATE RETIREMENT

2 RECIPIENT.

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