



**House
Legislative
Analysis
Section**

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LOCAL UNITS: CREDIT CARDS

**House Bill 4818 (Substitute H-2)
Sponsor: Rep. Lingg Brewer
Committee: Local Government**

Complete to 10-21-95

A SUMMARY OF HOUSE BILL 4818 (SUBSTITUTE H-2)

The bill would create a new act authorizing local units of government to accept "financial transaction device" payments. The term refers to payments by credit card, debit card, and electronic funds transfer card. The bill would apply to villages, cities, townships, counties, county road commissions, local and intermediate school districts, community college districts, and authorities or organizations of government that can issue obligations under the Municipal Finance Act.

A local unit could not accept a financial transaction device payment more than six months after the new act took effect unless it complied with the act. A local unit could not accept such a payment if prohibited by law or charter.

Under the bill, a local unit would first have to adopt a resolution authorizing the acceptance of financial transaction device payments. The resolution would designate the treasurer as responsible for determining which financial transaction devices would be accepted. The resolution could designate an additional officer or employee to be jointly responsible for the decision. The resolution could limit the taxes, assessments, or fees for which such payments would be accepted. (The determination of acceptable cards would have to comply with any resolution for the deposit of public money adopted under Public Act 40 of 1932, which deals with depositories for public money.)

However, notwithstanding the resolution, if an elected official's office has direct responsibility for collecting a tax, assessment, or fee, and the elected official is not a voting member of the governing body of the local unit, the elected official could determine not to accept a financial transaction device for payment of a particular tax, assessment, or fee. Before implementing such a determination, the elected official would have to notify the governing body of the local unit in writing of the taxes, assessments, or fees that could not be paid by financial transaction devices.

The new act would specify that it would not effect the authority of the judicial branch to make determinations about the acceptance of financial transaction devices for costs and fees under the jurisdiction of the judicial branch.

House Bill 4848 (10-21-95)