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BILL ANALYSIS



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House Bill 4818 (Substitute H-3)
Sponsor: Representative Lingg Brewer
House Committee: Local Government
Senate Committee: Local, Urban and State Affairs

Date Completed: 11-29-95

SUMMARY OF HOUSE BILL 4818 (Substitute H-3) as passed by the House:

The bill would create a new act to allow local units of government to accept payment for a tax, assessment, or fee via a "financial transaction device"; that is, a credit card, an electronic funds transfer card, or a debit card.

Under the bill, a local unit could not accept a payment by financial transaction device if prohibited by law or charter, and could not accept a payment by financial transaction device more than six months after the effective date of the bill unless it complied with the provisions of the bill. Before a local unit accepted a payment by financial transaction device for a tax, assessment, or fee, the governing body of the local unit would have to adopt a resolution authorizing the acceptance of payments by financial transaction devices. The resolution would have to designate the treasurer of the local unit as responsible for determining the types of financial transaction devices that could be accepted. The determination of transaction devices that could be accepted would have to comply with any resolution for the deposit of public money under Public Act 40 of 1932 (which requires the governing body of a local unit to provide by resolution for the deposit of public money). The resolution would have to specify any taxes, assessments, or fees for which payments by financial transaction devices would not be accepted. The resolution could designate an additional officer or employee as jointly responsible with the treasurer for determining the financial transaction devices that could be accepted; however, if the treasurer were not an elected treasurer, the resolution could provide that the determination of the types of financial transaction devices would have to be subsequently approved by resolution of the governing body.

Despite a resolution adopted under the bill, if an elected official's office had direct responsibility to collect a tax, assessment, or fee and the elected official were not a voting member of the governing body of the local unit, the elected official could decide not to accept payments by financial transaction devices for 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 particular tax, assessment, or fee for which payments by financial transaction devices would not be accepted.

The bill would not affect the authority of the courts to make determinations concerning the acceptance of financial transaction devices for court costs and fees.

Under the bill, "local unit" would mean a village, city, township, county, county road commission, local school district, intermediate school district, community college district, or an authority or organization established to issue obligations under the Municipal Finance Act.

Legislative Analyst: G. Towne

FISCAL IMPACT

Local units that accepted credit card payments could be charged fees by the credit card issuers. Additionally, credit card holders could pay local units earlier, thereby avoiding late fees. The cost and lost revenue to local units would depend on the amount charged by credit card issuers, which fees and taxes local units accepted credit card payments for, and the degree to which payments to local units were paid for with credit cards.

This bill would have no State fiscal impact.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.