

## **BILL ANALYSIS**

Senate Research Center  
81R529 JRD-F

S.B. 474  
By: Estes  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This legislation is an attempt to implement the Legislative Budget Board's recommendation detailed in the "Texas State Government Effectiveness and Efficiency" report to eliminate paper warrants by using direct deposit or electronic paycards for state payments.

As proposed, S.B. 474 requires the comptroller of public accounts to use the electronic funds transfer system to make a payment to an employee for salary and travel expense reimbursements, and payments to annuitants of the Employees Retirement System or Teacher Retirement System or other certain retirement systems, unless the employee or annuitant agrees to accept payment on an electronic paycard.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the comptroller of public accounts is modified in SECTION 1 (Section 403.016, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 403.016, Government Code, by amending Subsections (b), (c), and (j) and adding Subsection (k), as follows:

(b) Requires the comptroller of public accounts (comptroller) to use the electronic funds transfer (EFT) system to pay an employee's net state salary and travel expense reimbursements unless the employees agrees instead to accept payment on an electronic paycard (paycard). Deletes existing text that requires the comptroller to use the EFT unless the employee does not hold a classified position under the state's position classification plan and the employee's gross state salary is less than the gross state salary for a position classified to group 8, step 1, of the state position classification plan or the employee holds a classified position under the state's position classification plan that is classified below group 8.

(c) Requires the comptroller to use the EFT system to make:

(1) payments of more than \$100 to annuitants by the Employees Retirement System of Texas or the Teacher Retirement System of Texas under either system's administrative jurisdiction, or to annuitants paid by the Texas Emergency Services Retirement System or by another retirement system whose annuitants are paid from the state treasury or from a fund with the comptroller, unless the annuitant agrees instead to accept payment on a paycard;

(2) recurring payments to municipalities, counties, political subdivisions, special districts, and other governmental entities of this state; and

(3) payments to vendors who choose to receive payment through the EFT system rather than by warrant.

(j) Requires the comptroller to adopt rules to administer this section. Deletes existing text that includes rules relating to the notifications that are authorized to be provided to the comptroller under Subsection (h) (regarding reasons to receive another form of payment).

(k) Authorizes the comptroller to make a payment in any amount to a state employee under Subsection (b) or to an annuitant under Subsection (c)(1) on a paycard if the employee or annuitant agrees to accept payment by that method.

SECTION 2. Amends Subchapter B, Chapter 403, Government Code, by adding Section 403.0161, as follows:

Sec. 403.0161. **CONTRACTS FOR ELECTRONIC PAYCARD SERVICES.** Requires the comptroller to contract, by competitive bid, with one or more vendors for the provision of paycard services. Requires the comptroller to provide the qualifications for bidders, to include requirements that the entity that issues the paycards are required to be federally insured or possess sufficient financial resources to ensure protection of payees, and to demonstrate adequate 24-hour customer service to ensure that all payees are able to reasonably access their funds worldwide at any time.

SECTION 3. Amends Section 659.084, Government Code, as follows:

Sec. 659.084. **ELECTRONIC FUND TRANSFER.** Requires that salaries for state officers and employees paid once a month to be paid through EFT under Section 403.016 unless paid on a paycard, rather than warrant, as permitted under that section.

SECTION 4. Repealer: Section 403.016(h) (regarding reasons to receive another form of payment), Government Code.

SECTION 5. Effective date: January 1, 2010.