

## **BILL ANALYSIS**

Senate Research Center

H.B. 1929  
By: Flynn et al. (Estes)  
Finance  
5/12/2007  
Engrossed

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

Current law requires the comptroller of public accounts (comptroller) to use the electronic funds transfer system to pay an employee's net salary and travel expense reimbursements, unless a person or agency notifies the comptroller that payment by electronic funds transfer is impractical, more costly, or if the person is unable to establish a bank account or chooses to receive payments by warrant. In those situations the comptroller is required to issue a warrant or a paper check to pay the person.

Electronic paycards, similar to ATM or debit cards, can allow for convenient and inexpensive cash management for employees. Such a card is issued to a payee, and new value is added electronically when the employee is paid. Many of these cards are "branded" with a major credit card company logo, allowing ease of use at businesses across the state.

H.B. 1929 authorizes the comptroller to make a payment to an employee on an electronic paycard, rather than by issuing a warrant or paper check, if the employee agrees to accept payment by that method.

### **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 system (system) to pay an employee's net state salary and travel expense reimbursements unless the employee agrees instead to accept payment on an electronic paycard. Deletes existing text requiring the comptroller to use the system to pay the employee's net state salary and travel reimbursements 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 or below group 8 of the state position classification plan.

(c) Requires the comptroller to use the system to make certain payments, including payments of more than \$100 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 an electronic paycard.

(j) Deletes existing text requiring the comptroller to adopt rules related to the notifications that may be provided to the comptroller under Subsection (h) (relating to requiring the comptroller to issue a warrant to pay a person under certain conditions).

(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 an electronic 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 with one or more vendors for the provision of electronic paycard services. Requires a contract under this section to be by competitive bid. Requires the comptroller to develop rules that specify the qualifications for bidders, including that the entity that issues the paycard must be federally insured or possess sufficient financial resources to ensure protection of payees and 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, to require salaries for state officers and employers paid once a month to be paid through electronic funds transfer under Section 403.016 unless paid on an electronic paycard, rather than paid on warrant, as permitted under that section.

SECTION 4. Repealer: Section 403.016(h) (relating to requiring the comptroller to issue a warrant to pay a person under certain conditions), Government Code.

SECTION 5. Effective date: January 1, 2008.