

ENROLLED SENATE
BILL NO. 1580

By: Fisher of the Senate

and

Askins of the House

An Act relating to public finance and state government; amending 62 O.S. 2001, Section 71, which relates to selection of depositories; modifying definition; authorizing State Treasurer to enter into agreements with certain financial institutions or companies; amending 74 O.S. 2001, Sections 292.11 and 292.12, which relate to the Oklahoma State Employees' Direct Deposit Act; modifying definitions; requiring the Office of Personnel Management to implement direct deposit system for certain employees; requiring certain employees to participate in direct deposit system by certain time period; and providing for limited exceptions.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2001, Section 71, is amended to read as follows:

Section 71. A. The State Treasurer is authorized and directed to select a number of banks, savings banks or savings and loan associations and credit unions within the State of Oklahoma as depositories for all monies and funds coming into the hands of the State Treasurer as the official depository. Such banks, savings banks or savings and loan associations and credit unions shall be in good standing and conducting a regular banking business and shall collect such drafts, bills of exchange, and checks as may be deposited by the state in the regular course of business, and shall pay all checks and drafts legally authorized and duly drawn on the funds deposited in such banks, savings banks or savings and loan associations and credit unions.

B. At the request of state agencies or state institutions conducting operations or transacting state business outside the State of Oklahoma, the State Treasurer is hereby authorized to name and designate financial institutions located without the State of Oklahoma as official depositories of state monies and funds where it is shown to the satisfaction of the State Treasurer that the need for such out-of-state depository is required for the orderly and expeditious deposit of monies and funds coming into the possession of the requesting state agency or state institution. For purposes of this section, the State Treasurer shall not designate any

financial institution outside the United States for the deposit of public funds, monies, securities, or any other financial assets subject to the control of the State Treasurer. Any out-of-state financial institution designated as an official depository of the State Treasurer shall have a service agent in the State of Oklahoma so that service of summons or legal notice may be had on such designated agent as is now or may hereafter be provided by law. Before designating any financial institution outside the State of Oklahoma as an official depository, the State Treasurer shall, if the State Treasurer deems it necessary, require a bond to be given by such financial institution to the State of Oklahoma in double the amount of monies which the requesting state agency or institution anticipates will be the maximum amount of money or funds on deposit at any one time with the financial institution. Such bond will be approved by the State Treasurer and filed with the Secretary of State. Any out-of-state financial institution designated as an official depository shall in all respects conform to and comply with the provisions of this section, the Security for Public Deposits Act, and any and all laws pertaining to financial institutions receiving deposits of public monies or funds.

C. The State Treasurer shall establish procedures which provide minimum standards for establishing and maintaining relationships between state entities and financial institutions. As used in this subsection, "financial institutions" means those institutions described in subsection E of this section, companies that provide alternative direct deposit services known as payroll card or paycard, credit card processing companies and other companies which handle or process financial transactions. If the State Treasurer has an agreement with a financial institution to provide services to the State Treasurer, a state agency may pay the institution directly for services performed for the agency under the same terms, if the services are services not previously provided to the agency through the State Treasurer. State agencies may enter into agreements with the State Treasurer to participate in any ~~credit card processing~~ agreements entered into by the State Treasurer with financial institutions or companies which handle or process financial transactions as described in this subsection. Any state agency participating in such an agreement may pay the ~~credit card~~ vendor directly for any fees owed on transactions associated with that agency. The State Treasurer is authorized to prescribe formats and issue all state vouchers, warrants and checks drawn on state treasury funds. The State Treasurer may compensate financial institutions for services rendered to the state by direct fee charges or through compensating balances. Any financial institution receiving payment for services from the state through compensating balances shall file a report quarterly with the State Treasurer detailing the services rendered to the state and the charges for such services. Such charges shall not exceed those made for similar services to other customers of the financial institution. If the quarterly value of the compensating balance arrangement is above or below the quarterly charges for the services rendered to the state had service charges been separately billed, the difference in amount of the quarterly charges for the services rendered and the amount of the compensating balance shall be applied to the subsequent quarter. Any compensation arrangements made with financial institutions

pursuant to this subsection shall not be subject to the provisions of the Oklahoma Central Purchasing Act.

D. Of the public funds in the hands of the State Treasurer, there shall not be deposited in any one of such banks, savings banks or savings and loan associations and credit unions an amount to exceed the combined amount of insured deposits plus approved legal securities pledged by such banks, savings banks or savings and loan associations and credit unions therefor. Such banks, savings banks or savings and loan associations and credit unions shall make quarterly reports of the amount deposited, checked out, or withdrawn and the balances on hand for the fiscal year.

E. All provisions of this title relating to depositories for public funds shall include, in addition to banks, all financial institutions of this state. As used in this subsection, the term "financial institutions" means banks, savings banks, savings and loan associations and credit unions in this state whose deposits are insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration or any successor institutions.

F. The State Treasurer may permit treasurers of local governmental entities to place public funds under their control into investments used by the State Treasurer for state funds, if the local treasurer has appropriate investment authority.

SECTION 2. AMENDATORY 74 O.S. 2001, Section 292.11, is amended to read as follows:

Section 292.11 As used in the Oklahoma State Employees' Direct Deposit Act:

1. "Direct deposit system" ~~shall mean~~ means a method of electronically transferring a payroll claim for an ~~eligible~~ employee ~~whereby the employee agrees to an electronic transfer of any payroll claim~~ to a financial institution;

2. "Employee" ~~shall mean~~ means any person in the classified, unclassified or exempt service of any state agency, board or Commission. "Employee" shall include any person who is an employee of the Oklahoma State Regents for Higher Education or any institution under the authority of the Oklahoma State Regents for Higher Education. "Employee" shall not include any person who is an employee of any school district or political subdivision of this state; and

3. "Employer" ~~shall mean~~ means any state agency, board, commission, department, institution, authority, officer, bureau, council, office, the Oklahoma State Regents for Higher Education or any institution under the authority of the State Regents for Higher Education, or other entity created by the Oklahoma Constitution. "Employer" shall not include any school district or political subdivision of this state.

SECTION 3. AMENDATORY 74 O.S. 2001, Section 292.12, is amended to read as follows:

Section 292.12 A. The Administrator of the Office of Personnel Management is hereby directed to implement a direct deposit system for ~~any eligible employee opting to have any payroll claim deposited electronically to a financial institution of the eligible employee's choice~~ employees who are subject to the provisions of the Oklahoma State Employees' Direct Deposit Act. There shall be no service charge of any type paid by the state employee at any time which shall decrease the net amount of the employee's salary deposited to the financial institution of ~~his~~ the personal choice of the employee as a result of the implementation and administration of the Oklahoma State Employees' Direct Deposit Act.

1. Employees hired after December 31, 2004, shall participate in the direct deposit system. At the time the employee enters on duty, the employee shall identify a financial institution that will serve as a personal depository agent for the employee.

2. Employees hired before December 31, 2004, shall participate in the direct deposit system. No later than June 30, 2007, each employee hired before December 31, 2004, who is not a participant in the direct deposit system, shall identify a financial institution that will serve as a personal depository agent for the employee.

B. The Administrator of the Office of Personnel Management shall promulgate ~~rules, regulations and procedures~~ as necessary for implementation and administration of the system, which shall include limited exceptions to required participation by employees.

C. All employers shall begin offering direct deposit to any eligible employee not later than January 1, 1992.

Passed the Senate the 10th day of May, 2004.

Presiding Officer of the Senate

Passed the House of Representatives the 7th day of April, 2004.

Presiding Officer of the House
of Representatives