

HOUSE BILL REPORT

HB 2025

*As Reported By House Committee on:
State Government*

Title: An act relating to employee payroll deductions.

Brief Description: Permitting employee payroll deductions to be deposited into banks or savings banks.

Sponsor(s): Representatives Brumsickle, Bowman, Rasmussen, Basich, Paris and Winsley.

Brief History:

Reported by House Committee on:
State Government, January 28, 1992, DPS.

**HOUSE COMMITTEE ON
STATE GOVERNMENT**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 9 members: Representatives Anderson, Chair; Pruitt, Vice Chair; McLean, Ranking Minority Member; Bowman, Assistant Ranking Minority Member; R. Fisher; Grant; Moyer; O'Brien; and Sheldon.

Staff: Linda May (786-7135).

Background: Public officers and employees may authorize deductions from their wages and salaries for certain purposes. Examples of deductions which employees may authorize include payments toward parking fees, U.S. savings bonds, and employee organization dues. Public employees may authorize a deduction for payment to a credit union, on two conditions: 1) that the credit union is organized solely for public employees, and 2) that a certain number of public employees have authorized deductions for payment to that same credit union. There is no provision in the law which would allow deductions for payments to banks, savings banks, or savings and loan associations.

Summary of Substitute Bill: A new provision is added to allow public employees to authorize deductions for payments to banks, savings banks, or savings and loan associations. Payments to any of these institutions would be allowed if two conditions are met: 1) the institution must be authorized to do business in the state, and 2) a certain

minimum number of public employees must authorize deductions for payments to the same institution. Also, public employees may authorize deductions to credit unions other than those organized solely for public employees, as long as the required minimum number of employees have authorized deductions to the same credit union.

Substitute Bill Compared to Original Bill: The substitute bill removes the provision that credit unions participating in the authorized deduction program must be organized solely for public employees. The substitute bill also removes a proposed provision requiring that a bank or savings bank must be chartered by the state in order to participate in the authorized deduction program; instead, the institution must be authorized to do business in the state. The authorized deduction program is expanded to include deductions to savings and loan associations.

Fiscal Note: Available. New fiscal note requested on January 28, 1992.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will allow employees who use banks and savings banks to participate in the authorized deduction program. It would be nice to open up more credit unions to participation in the program. All of this provides more choice for state employees. Before the age of computers, these kinds of automatic transfers were probably very difficult, but now with computers it is much easier.

Testimony Against: None.

Witnesses: Representative Bill Brumsickle; Gary Gardner, Washington Credit Union League; and Trevor Sandison, Washington Bankers Association (all in favor).