

HOUSE BILL REPORT

ESHB 2025

As Passed Legislature

Title: An act relating to employee payroll deductions.

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

Sponsor(s): By House Committee on State Government
(originally sponsored by Representatives Brumsickle, Bowman, Rasmussen, Basich, Paris and Winsley).

Brief History:

Reported by House Committee on:
State Government, January 28, 1992, DPS;
Appropriations, February 10, 1992, DPS(SG-A APP);
Passed House, February 17, 1992, 97-0;
Amended by Senate;
Passed Legislature.

**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).

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill by Committee on State Government be substituted therefor and the substitute bill as amended by Committee on Appropriations do pass.* Signed by 27 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Braddock; Brekke; Carlson; Dorn; Ferguson; Fuhrman; Hine; Lisk; May; Mielke; Nealey; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Sprenkle; Valle; and Wang.

Staff: Barbara McLain (786-7153).

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. State 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 state employees have authorized deductions for payment to that same credit union. There is no provision in the law which allows deductions for payments to banks, savings banks, or savings and loan associations.

Summary of Bill: State employees may authorize deductions for payments to banks, savings banks, and savings and loan associations if two conditions are met: 1) the financial institution is authorized to do business in this state, and 2) a certain minimum number of employees authorize deductions for payments to the same institution. A state agency may lower the minimum employee participation requirement if the agency so chooses. State employees may authorize payments to credit unions which are not organized solely for public employees, and state agencies have the option here as well of lowering the minimum employee participation requirement.

Local government employees may authorize deductions for payments to credit unions, banks, savings banks, and savings and loan associations if two conditions are met: 1) the financial institution is authorized to do business in this state, and 2) 25 or more employees of a single local political subdivision authorize deductions for payments to the same institution. A local government agency may establish a minimum participation requirement lower than 25 employees if the agency so chooses.

Fiscal Note: Available.

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

Testimony For: (State Government): 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.

(Appropriations): None.

Testimony Against: (State Government): None.

(Appropriations): None.

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

(Appropriations): None.