

SUBJECT: Revising use of the electronic funds transfer system by the comptroller

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 9 ayes — Phelan, Deshotel, Guerra, Harless, Holland, Hunter, Raymond, Smithee, Springer

2 nays — P. King, Parker

2 absent — Hernandez, E. Rodriguez

SENATE VOTE: On final passage, April 11 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 3907:*
For — (*Registered, but did not testify:* Charlie Bonner; Richard Clark; Sissi Yado)

Against — Gregory Young

On — (*Registered, but did not testify:* Rob Coleman, Comptroller of Public Accounts)

BACKGROUND: Government Code sec. 403.016 requires the comptroller to operate an electronic funds transfer (EFT) system to pay an employee's net state salary and travel expense reimbursements unless:

- the employee does not hold a classified position and the employee's gross salary is less than that of a position classified to group 8, step 1 of the state position classification plan; or
- the employee holds a classified position below group 8.

The comptroller is required to use the EFT system to make payments of more than \$100 to annuitants by the Employees Retirement System or the Teacher Retirement System, recurring payments to governmental entities, and payments to certain vendors.

Generally, the comptroller may use the EFT system to deposit payments only to one or more accounts of a payee at one or more financial institutions, including credit unions. As an exception to this, the comptroller also may use the EFT system to deposit a portion of an employee's gross pay to an employee's share or deposit account at a credit union or into an account of an eligible state employee organization for membership fees.

A person or a state agency on whose behalf payment is made can request the EFT system not be used to make payments in certain circumstances.

DIGEST: SB 557 would revise the use of the electronic funds transfer (EFT) system to pay an employee's net state salary and travel expenses and remove the exceptions to this requirement.

The bill would require the comptroller to use the EFT system to make payments of more than \$100 to annuitants by the Texas Emergency Services Retirement System.

The comptroller could use the EFT system to deposit the amount of an employee's payroll deduction made as authorized by law.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.