



Reprinted  
February 15, 2005

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## HOUSE BILL No. 1611

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DIGEST OF HB 1611 (Updated February 14, 2005 4:19 pm - DI 44)

**Citations Affected:** IC 4-13; IC 4-15; noncode.

**Synopsis:** Direct deposit of state payments. Requires direct deposit by electronic funds transfer of all payments to a person who has a contract with the state or submits invoices for payment from the state. Provides a procedure for the auditor of state to grant a waiver of this requirement. Provides that a person who entered into a contract with the state before July 1, 2005, must authorize direct deposit of payments to the person or request a waiver of the requirement not later than June 30, 2006. Requires direct deposit by electronic funds transfer of a state employee's earnings. Provides a procedure for the auditor of state to grant a waiver of this requirement. Provides that a state employee hired before July 1, 2005, must authorize direct deposit of the employee's earnings or request a waiver of the requirement not later than June 30, 2006.

**Effective:** July 1, 2005.

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**Noe, Koch, Walorski, Grubb, Welch**

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January 19, 2005, read first time and referred to Committee on Government and Regulatory Reform.  
February 8, 2005, reported — Do Pass.  
February 14, 2005, read second time, amended, ordered engrossed.

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HB 1611—LS 7386/DI 75+



First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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## HOUSE BILL No. 1611

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A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-13-2-14.8 IS ADDED TO THE INDIANA CODE  
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2005]: **Sec. 14.8. (a) Notwithstanding any other law, rule, or  
4 custom, but subject to subsections (c) and (d), a person who has a  
5 contract with the state or submits invoices to the state for payment  
6 shall authorize in writing the direct deposit by electronic funds  
7 transfer of all payments by the state to the person. The person's  
8 written authorization must designate a financial institution and an  
9 account number to which all payments are to be credited.**  
10 **(b) After obtaining the authorization required by subsection (a),  
11 the auditor of state shall deposit a payment to the person in the  
12 financial institution and account designated by the person each  
13 time a payment is made to the person.**  
14 **(c) A person who does not wish to have payments to the person  
15 deposited by electronic funds transfer may request the auditor of  
16 state to grant a waiver of the requirement of subsection (a). The  
17 person must:**

HB 1611—LS 7386/DI 75+



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- (1) state the reason for requesting the waiver; and
  - (2) sign and verify the waiver form.
- (d) The auditor of state may grant a person's request for a waiver for any of the following reasons:
- (1) The person does not currently have a savings or checking account and is unable to establish such an account within the geographic area of the person's primary business location without payment of a service fee. The person must submit with the waiver request a written statement by the person's financial institution of the person's inability to establish an account without the payment of a fee.
  - (2) The person's primary business location is too remote to have access to a financial institution where a direct deposit can be made.
  - (3) The person's financial institution is unable to accept an electronic deposit or withdrawal. The person must submit with the waiver request a written statement by the person's financial institution that the financial institution is unable to accept an electronic deposit or withdrawal.
  - (4) The auditor of state determines that the facts of the particular case warrant a waiver of the requirement of subsection (a).

The auditor of state shall establish a waiver form consistent with this subsection.

(e) A contract entered into by the state must contain a provision under which the person contracting with the state specifically authorizes the auditor of state to make all payments to the person by direct deposit by electronic funds transfer, subject to the waiver provisions of subsection (d).

(f) Notwithstanding any other law, rule, or custom, a payment to a person by the state under this section discharges only the state's obligation to that person to the extent of the amount of the payment tendered, and does not constitute a settlement, reduction, release, or compromise of the state's obligation to the person.

SECTION 2. IC 4-15-5.9-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) Notwithstanding any other law, rule, or custom, but subject to subsections (c) and (d), a state employee shall authorize in writing the direct deposit by electronic funds transfer of the employee's earnings. The employee's written authorization must designate a financial institution and an account number to which the payment is to be credited.

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1 (b) After obtaining the authorization required by subsection (a),  
2 the auditor of state shall deposit the state employee's earnings in  
3 the financial institution and account designated by the employee  
4 each time a payroll distribution is issued on the employee's behalf.

5 (c) A state employee who does not wish to have the employee's  
6 earnings deposited by electronic funds transfer may request the  
7 auditor of state to grant a waiver of the requirement of subsection

8 (a). The employee must:

- 9 (1) state the reason for requesting the waiver; and
- 10 (2) sign and verify the waiver form.

11 (d) The auditor of state shall grant a state employee's request  
12 for a waiver for any of the following reasons:

13 (1) The state employee does not currently have a savings or  
14 checking account and is unable to establish such an account  
15 within the geographic area of the employee's primary  
16 residence without payment of a service fee.

17 (2) The state employee's primary residence or place of work  
18 is too remote to have access to a financial institution where a  
19 direct deposit can be made.

20 (3) The state employee's financial institution is unable to  
21 accept an electronic deposit or withdrawal.

22 (4) The state employee suffers from a disability:

23 (A) that would impede the employee from gaining access to  
24 electronically deposited funds; and

25 (B) that is documented by a health care provider (as  
26 defined in IC 34-18-2-14).

27 The auditor of state may grant a state employee's request for a  
28 waiver for reasons other than stated in subdivisions (1) through (4)  
29 if the auditor of state determines that the facts of the particular  
30 case warrant a waiver of the requirement of subsection (a). The  
31 auditor of state shall establish a waiver form consistent with this  
32 subsection.

33 SECTION 3. [EFFECTIVE JULY 1, 2005] (a) This SECTION  
34 applies to a person who entered into a contract with the state  
35 before July 1, 2005.

36 (b) Notwithstanding IC 4-13-2-14.8, as added by this act, a  
37 person must do either of the following not later than June 30, 2006:

38 (1) Authorize in writing the direct deposit by electronic funds  
39 transfer of all payments from the state to the person as  
40 required by IC 4-13-2-14.8, as added by this act.

41 (2) Request the auditor of state to grant a waiver of the  
42 requirement for direct deposit by electronic funds transfer of

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1           all payments to the person, as provided in IC 4-13-2-14.8, as  
 2           added by this act.  
 3           (c) This SECTION expires January 1, 2007.  
 4           SECTION 4. [EFFECTIVE JULY 1, 2005] (a) This SECTION  
 5           applies to a state employee hired before July 1, 2005.  
 6           (b) Notwithstanding IC 4-15-5.9-3, as added by this act, a state  
 7           employee must do either of the following not later than June 30,  
 8           2006:  
 9           (1) Authorize in writing the direct deposit by electronic funds  
 10          transfer of the state employee's earnings as required by  
 11          IC 4-15-5.9-3, as added by this act.  
 12          (2) Request the auditor of state to grant a waiver of the  
 13          requirement for direct deposit by electronic funds transfer of  
 14          the state employee's earnings, as provided in IC 4-15-5.9-3, as  
 15          added by this act.  
 16          (c) This SECTION expires January 1, 2007.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1611, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BUCK, Chair

Committee Vote: yeas 7, nays 5.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1611 be amended to read as follows:

Page 2, between lines 29 and 30, begin a new paragraph and insert:

**"(f) Notwithstanding any other law, rule, or custom, a payment to a person by the state under this section discharges only the state's obligation to that person to the extent of the amount of the payment tendered, and does not constitute a settlement, reduction, release, or compromise of the state's obligation to the person."**

Page 3, line 6, delete "may" and insert "shall".

Page 3, line 11, delete "The employee".

Page 3, delete lines 12 through 14.

Page 3, line 19, delete "The employee".

Page 3, delete lines 20 through 23.

Page 3, line 29, delete "(5)".

Page 3, line 29, beginning with "The" begin a new line blocked left.

Page 3, line 29, after "The" insert **"auditor of state may grant a state employee's request for a waiver for reasons other than stated in subdivisions (1) through (4) if the"**.

Page 3, run in lines 31 through 32.

(Reference is to HB 1611 as printed February 9, 2005.)

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