

1 HB417  
2 147820-3  
3 By Representatives Collins and Hammon  
4 RFD: County and Municipal Government  
5 First Read: 07-MAR-13

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8 SYNOPSIS: This bill would allow a municipality to  
9 require its employees, as a condition of  
10 employment, to participate in direct deposit of the  
11 employee's wages in a financial institution  
12 selected by the employee unless the employee would  
13 incur fees from the financial institution and a  
14 comparable financial institution that does not  
15 charge fees for a direct deposit is unavailable to  
16 the employee in the municipality.

17 This bill would require a municipality  
18 establishing a direct deposit policy to provide  
19 employees with an electronic fund transfer  
20 authorization form and a direct deposit statement.

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22 A BILL  
23 TO BE ENTITLED  
24 AN ACT

25  
26 Relating to municipalities; to allow a municipality  
27 to require its employees to participate in direct deposit of

1 the employee's wages in a financial institution selected by  
2 the employee under certain conditions.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. (a) A municipality may adopt a policy to  
5 require new employees hired by the municipality after the  
6 adoption of the policy to participate in direct deposit of the  
7 employee's wages.

8 (b) If a municipality elects to pay the wages of its  
9 employees by direct deposit, the municipality shall do all of  
10 the following:

11 (1) Provide a municipal employee with an electronic  
12 fund transfer authorization form.

13 (2) Deposit the wage of a municipal employee into a  
14 personal bank account at a financial institution selected by  
15 the employee on the electronic fund transfer authorization  
16 form.

17 (3) Each time the municipality pays the wage of a  
18 municipal employee by direct deposit, provide the employee  
19 with a direct deposit statement that includes:

20 a. The total amount of the wage.

21 b. Any amount deducted from the wage.

22 c. The amount of the wage directly deposited into  
23 the personal bank account selected by the employee.

24 (c) A municipality may not require an employee to  
25 participate in direct deposit of the employee's wages if the  
26 employee would incur fees charged to the employee's account as  
27 a result of the direct deposit and a comparable financial

1 institution that would not charge a fee for a direct deposit  
2 is not available to the employee in the municipality.

3 Section 2. This act shall become effective on the  
4 first day of the third month following its passage and  
5 approval by the Governor, or its otherwise becoming law.