

SENATE BILL No. 200

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-13-2-7; IC 5-10-9.5.

Synopsis: Nonprofit loan center loans for state employees. Provides that not later than: (1) September 1, 2024, in the case of a state agency other than a state educational institution or a school corporation; (2) September 1, 2025, in the case of a state agency that is a state educational institution; or (3) September 1, 2026, in the case of a state agency that is a school corporation; a state agency shall partner with each nonprofit loan center (NLC) operating in Indiana to become a participating employer in the NLC's nonprofit loan center program (NLC program) by offering voluntary payroll deductions for eligible full-time employees to make payments toward the balance of a nonprofit loan center loan (NLC loan) made by a nonprofit loan center lender (NLC lender). Provides that after becoming a participating employer in an NLC program, a state agency shall allow an eligible employee to: (1) voluntarily request and establish payroll deductions for an NLC loan at any time; and (2) revoke the employee's authorization for payroll deductions for an NLC loan at any time; including any time that falls outside a designated open enrollment period for employee benefits. Defines an "NLC loan" as a loan that meets certain requirements with respect to the principal amount, loan term, finance charge, authorized fees, method of repayment, and other loan terms. Authorizes the state comptroller to authorize the electronic transfer of funds from the state treasury to a designated NLC lender in payment of an NLC loan on behalf of an eligible employee who has voluntarily given the state comptroller written authorization, through the eligible employee's employing state agency, to make the transfer. Specifies that: (1) a loan made under the bill's provisions; or (2) a
(Continued next page)

Effective: July 1, 2024.

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January 9, 2024, read first time and referred to Committee on Insurance and Financial Institutions.



Digest Continued

person that makes a loan under the bill's provisions; is subject to the requirements of the Uniform Consumer Credit Code chapter governing consumer loans.



Introduced

Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

SENATE BILL No. 200



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

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

1 SECTION 1. IC 4-13-2-7, AS AMENDED BY THE TECHNICAL
2 CORRECTIONS BILL OF THE 2024 GENERAL ASSEMBLY, IS
3 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]:
4 Sec. 7. (a) Subject to this chapter and other laws not inconsistent with
5 this chapter, the ~~auditor of state~~ **comptroller** shall, respecting all
6 agencies of the state, do the following:
7 (1) Maintain the centralized accounting records for the state, keep
8 the general books of accounts on a double entry basis, and
9 maintain accounts as will reflect in detail or in summary, all
10 assets, liabilities, reserves, surpluses, revenues and receipts,
11 appropriations, allotments, expenditures, and encumbrances
12 except as otherwise provided in this chapter. The accounting
13 records and procedures must provide complete fiscal control over
14 all agencies of the state and over all activities carried on by them
15 and be upon forms, records, and systems approved by the state



- 1 board of accounts.
- 2 (2) Examine every receipt, account, bill, claim, refund, and
 3 demand against the state arising from activities carried on by
 4 agencies of the state, approve each legal, correct, and proper
 5 claim, designate the account to be charged therefor, and issue the
 6 ~~auditor's~~ **state comptroller's** warrant in payment thereof. The
 7 ~~auditor of state~~ **comptroller** may authorize the disbursement
 8 through electronic funds transfer in conformity with IC 4-8.1-2-7.
 9 All warrants and electronic funds transfers shall be payable to the
 10 vendor or claimant and in no instance shall the ~~auditor~~ **state**
 11 **comptroller** issue any warrant or make any electronic funds
 12 transfer payable to an officer or agency in payment of several
 13 claims where the officer is to distribute or pay to the several
 14 claimants the amount due, except in the case of special
 15 disbursement officers as provided for in this chapter. However,
 16 the ~~auditor of state~~ **comptroller** shall not be required to audit
 17 claims for any refunds made pursuant to IC 6-6-1.1 and
 18 IC 6-6-2.5.
- 19 (3) Examine each and every payroll or salary voucher submitted
 20 for payment by each state officer or state agency and shall issue
 21 the ~~auditor's~~ **state comptroller's** warrant in payment, payable to
 22 the officer or employee or claimant, except as provided in
 23 subdivision (5). In no instance shall the ~~auditor~~ **state comptroller**
 24 issue the ~~auditor's~~ **state comptroller's** warrant payable to any
 25 officer or agency in payment of a payroll or schedule to be
 26 distributed or paid to employees by the officer or agency.
- 27 (4) Keep an earnings record for each employee that shows gross
 28 compensation, net compensation, items withheld for federal tax,
 29 public employees' retirement, teachers' retirement, or other
 30 retirement, and any other deductions authorized to be deducted
 31 from earnings, and shall, as required by law, make settlement with
 32 the proper officers, agents, or agencies for the deductions.
- 33 (5) Authorize the electronic transfer of funds from the state
 34 treasury to a designated deposit account in payment of a payroll
 35 or salary voucher on behalf of a state employee who has given the
 36 ~~auditor~~ **state comptroller** written authorization to make the
 37 transfer under IC 4-15-5.9-2.
- 38 **(6) Authorize the electronic transfer of funds from the state**
 39 **treasury to a designated nonprofit loan center lender (as**
 40 **defined in IC 5-10-9.5-5) in payment of a nonprofit loan**
 41 **center loan (as defined in IC 5-10-9.5-6) on behalf of an**
 42 **eligible employee (as defined in IC 5-10-9.5-3) who has**



- 1 **voluntarily given the state comptroller written authorization,**
 2 **through the eligible employee's state agency, to make the**
 3 **transfer under IC 5-10-9.5-10(d).**
 4 ~~(6)~~ **(7)** Accept all documents and reports showing evidences of
 5 the collection of state revenues by state agencies, evidences of the
 6 deposit of the revenues, and evidences of the receipt thereof by
 7 the treasurer of state and designate the fund or account to be
 8 credited.
 9 ~~(7)~~ **(8)** Have all other powers and duties respecting all agencies of
 10 the state as may be imposed upon the **auditor state comptroller**
 11 by law or transferred to the **auditor state comptroller** by this
 12 chapter.
 13 (b) The **auditor of state comptroller** may issue a warrant or make
 14 an electronic funds transfer in conformity with IC 4-8.1-2-7 to a person
 15 who:
 16 (1) has a contract with the state; and
 17 (2) is entitled to payment under that contract;
 18 without the certification required by IC 5-11-10-1.
 19 (c) The **auditor state comptroller** may not issue a warrant or make
 20 an electronic funds transfer under subsection (b) except in accordance
 21 with procedures adopted by the state board of accounts.
 22 (d) The **auditor state comptroller** is not personally liable for a
 23 warrant issued or an electronic funds transfer made under subsection
 24 (b) if:
 25 (1) the **auditor state comptroller** complies with the procedures
 26 described in subsection (c); and
 27 (2) funds are appropriated and available to pay the warrant or
 28 electronic funds transfer.
 29 (e) This subsection applies to a payment of less than five thousand
 30 dollars (\$5,000). Notwithstanding any other law, the **auditor of state**
 31 **comptroller** may elect to:
 32 (1) not preaudit a payment; and
 33 (2) process the payment with the state agency authorizing the
 34 payment.
 35 The state agency is accountable to the state board of accounts under the
 36 board's post payment auditing procedures.
 37 SECTION 2. IC 5-10-9.5 IS ADDED TO THE INDIANA CODE
 38 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2024]:
 40 **Chapter 9.5. Payroll Payments to Nonprofit Loan Center**
 41 **Lenders**
 42 **Sec. 1. As used in this chapter, "consumer reporting agency that**



1 compiles and maintains files on consumers on a nationwide basis"
2 has the meaning set forth in 15 U.S.C. 1681a(p).

3 Sec. 2. As used in this chapter, "depository institution" has the
4 meaning set forth in IC 24-4.5-1-301.5(12).

5 Sec. 3. As used in this chapter, "eligible employee" means an
6 individual who:

- 7 (1) is employed full time by a state agency; and
8 (2) resides in a community in Indiana that is served by a
9 nonprofit loan center.

10 Sec. 4. As used in this chapter, "nonprofit loan center", or
11 "NLC", means a nonprofit organization that operates a nonprofit
12 loan center program that is offered to residents in one (1) or more
13 communities in Indiana.

14 Sec. 5. As used in this chapter, "nonprofit loan center lender",
15 or "NLC lender", means a lender that is:

- 16 (1) licensed by the department of financial institutions under
17 IC 24-4.5-3; and
18 (2) regularly engaged in making nonprofit loan center loans
19 through a nonprofit loan center program.

20 Sec. 6. (a) As used in this chapter, "nonprofit loan center loan",
21 or "NLC loan", means a loan that is offered through a nonprofit
22 loan center program and that meets the following requirements:

- 23 (1) The loan is made primarily for personal, family, or
24 household purposes.
25 (2) The principal (as defined in IC 24-4.5-3-107(3)) of the loan
26 does not exceed one thousand dollars (\$1,000).
27 (3) The term of the loan is at least twelve (12) months.
28 (4) The loan finance charge, calculated according to the
29 actuarial method, does not exceed eighteen percent (18%) per
30 year on the unpaid balances of the principal (as defined in
31 IC 24-4.5-3-107(3)).
32 (5) Any prepaid finance charge (however denominated by the
33 NLC lender) that is imposed under IC 24-4.5-3-201(3)(d):
34 (A) does not exceed thirty-five dollars (\$35); and
35 (B) notwithstanding IC 24-4.5-3-201(10), may, at the
36 option of the NLC lender, be refunded to the borrower
37 upon the borrower's completion of one (1) or more
38 consumer financial education courses.
39 (6) The loan is not subject to any additional permitted charges
40 under IC 24-4.5-3-202 other than the charge permitted under
41 IC 24-4.5-3-202(1)(f) for each returned payment by a bank or
42 other depository institution of a dishonored check, electronic



1 funds transfer, negotiable order of withdrawal, or share draft
2 issued by the borrower, as applicable.

3 (7) The loan is not subject to any other fees or charges not
4 described in subdivisions (4) through (6) other than the
5 following, at the option of the NLC lender:

6 (A) A delinquency charge permitted under
7 IC 24-4.5-3-203.5 on any installment or minimum payment
8 due that is not paid in full not later than ten (10) days after
9 its scheduled due date.

10 (B) An application fee or administrative fee (however
11 denominated by the NLC lender) that:

12 (i) does not exceed thirty-five dollars (\$35);

13 (ii) is not a condition for, or an incident to, the extension
14 of credit; and

15 (iii) is imposed by the NLC lender on all applicants for a
16 loan, regardless of whether a loan is made.

17 (8) The NLC lender does not take a security interest in any
18 real or personal property of the borrower in connection with
19 the loan.

20 (9) The borrower is not subject to a credit check, or any other
21 investigation into the borrower's creditworthiness, in
22 connection with the loan application, other than verification
23 that the borrower:

24 (A) is employed full time by an employer that participates
25 in the nonprofit loan center program;

26 (B) has an open checking account in a depository
27 institution; and

28 (C) meets any applicable monthly gross income
29 requirements that the NLC lender has established with
30 respect to different loan amounts or ranges of loan
31 amounts.

32 (10) The loan application may be completed online through
33 the NLC lender's website.

34 (11) The proceeds of the loan are deposited directly into the
35 borrower's checking account with a depository institution.

36 (12) Repayment of the loan may be made through payroll
37 deductions that:

38 (A) are made by the borrower's employer on the
39 borrower's behalf; and

40 (B) are:

41 (i) voluntarily authorized by the borrower; and

42 (ii) revokable by the borrower at any time;



1 in compliance with IC 24-4.5-3-403.

2 (13) Approval of the loan is not conditioned on the borrower's
3 authorization of payroll deductions for repayment of the loan.

4 (14) The loan is not subject to a prepayment penalty or fee.

5 (15) The borrower's payments on the loan are reported to at
6 least one (1) consumer reporting agency that compiles and
7 maintains files on consumers on a nationwide basis.

8 (b) The term does not include a small loan (as defined in
9 IC 24-4.5-7-104) that is subject to IC 24-4.5-7.

10 Sec. 7. As used in this chapter, "nonprofit loan center
11 program", or "NLC program", means a loan program that is:

12 (1) operated by a nonprofit loan center and offered to
13 residents in one (1) or more communities in Indiana; and

14 (2) made available:

15 (A) by one (1) or more employers that partner with a
16 nonprofit loan center lender that makes loans through the
17 program; and

18 (B) to employees as an employee benefit;

19 at no cost to the employer.

20 Sec. 8. (a) As used in this chapter, "state agency" means any
21 authority, board, branch, commission, committee, department,
22 division, or other instrumentality of the executive (including the
23 administrative), judicial, or legislative branch of state government.

24 The term includes the following:

25 (1) A state elected official's office.

26 (2) A state educational institution (as defined in
27 IC 21-7-13-32).

28 (3) A body corporate and politic of the state created by state
29 statute.

30 (b) The term does not include a political subdivision (as defined
31 in IC 36-1-2-13), except for a school corporation (as defined in
32 IC 36-1-2-17).

33 Sec. 9. As used in this chapter, "statewide coordinator" means
34 a nonprofit organization that is responsible for:

35 (1) recruiting local lenders;

36 (2) engaging employers;

37 (3) raising additional capital for lending through local NLC
38 lenders; and

39 (4) providing other support for local NLC lenders;

40 in connection with NLC programs in Indiana.

41 Sec. 10. (a) Not later than:

42 (1) September 1, 2024, in the case of a state agency that is not:



- 1 (A) a state educational institution (as defined in
2 IC 21-7-13-32); or
3 (B) a school corporation (as defined in IC 36-1-2-17);
4 (2) September 1, 2025, in the case of a state agency that is a
5 state educational institution (as defined in IC 21-7-13-32); or
6 (3) September 1, 2026, in the case of a state agency that is a
7 school corporation (as defined in IC 36-1-2-17);
8 a state agency shall partner with each NLC operating in Indiana to
9 become a participating employer in the NLC's nonprofit loan
10 center program by offering voluntary payroll deductions for
11 eligible employees who enter into an NLC loan offered by an NLC
12 lender.
- 13 (b) The statewide coordinator shall provide any necessary
14 assistance to enable state agencies to become participating
15 employers in each NLC program operating in Indiana, as required
16 by subsection (a). In providing assistance under this subsection, the
17 statewide coordinator may work with any of the following, as
18 appropriate:
- 19 (1) An individual state agency, including:
20 (A) the board of trustees for an individual state
21 educational institution (as defined in IC 21-7-13-32); or
22 (B) the governing body of a school corporation (as defined
23 in IC 36-1-2-17).
24 (2) The state personnel department.
25 (3) The legislative council.
26 (4) The office of judicial administration.
27 (5) Individual NLC lenders making loans through the NLC
28 program.
- 29 (c) After becoming a participating employer as required under
30 subsection (a), a state agency shall offer as an employee benefit the
31 opportunity for the state agency's eligible employees to make
32 payments toward the balance of an NLC loan through voluntary
33 recurring payroll deductions under IC 22-2-6-2(b)(10). A state
34 agency shall:
- 35 (1) allow an eligible employee to:
36 (A) voluntarily request and establish payroll deductions
37 under this subsection at any time; and
38 (B) revoke the employee's authorization for payroll
39 deductions under this subsection at any time;
40 including any time that falls outside a designated open
41 enrollment period for employee benefits, in the manner set
42 forth in subsection (d); and



1 (2) agree, in a signed writing, to an employee's request for
2 payroll deductions under this subsection, as required by
3 IC 22-2-6-2(a)(1)(D).

4 The statewide coordinator shall provide any necessary assistance
5 to enable state agencies to offer and administer payroll deductions
6 under this subsection, including by communicating or promoting
7 the availability of the payroll deductions as an employee benefit for
8 eligible employees. In providing this assistance, the statewide
9 coordinator may work with any of the entities set forth in
10 subsection (b)(1) through (b)(5).

11 (d) Upon receiving approval for an NLC loan, an eligible
12 employee may make a written request, in accordance with
13 IC 22-2-6-2(a), to the state agency employing the eligible employee,
14 that a specified portion of any compensation due from the state
15 agency to the eligible employee be credited to the eligible
16 employee's account with the applicable NLC lender to be applied
17 as payment toward the NLC loan balance. Upon receipt of an
18 eligible employee's request to a state agency under this subsection,
19 the state comptroller, or another appropriate official or payroll
20 administrator, shall:

21 (1) draw a warrant in favor of the NLC lender set forth in the
22 eligible employee's request;

23 (2) in the event more than one (1) eligible employee of the
24 state agency designates the same NLC lender, draw a single
25 warrant in favor of the NLC lender for the total amount due
26 on behalf of the eligible employees and transmit the warrant
27 to the NLC lender identifying each eligible employee and the
28 amount to be credited to each eligible employee's account; or

29 (3) make a direct deposit to the NLC lender by electronic
30 funds transfer;

31 in the manner set forth in IC 4-15-5.9-2(a). An eligible employee's
32 written or electronic request under this subsection shall authorize
33 in advance the direct credit by warrant or electronic funds transfer
34 of the specified portion of the eligible employee's earnings each
35 time a payroll warrant or electronic funds transfer is issued on the
36 eligible employee's behalf. The eligible employee's written or
37 electronic authorization must designate an NLC lender and an
38 account number to which the payment is to be credited. The
39 eligible employee's authorization remains in effect until the eligible
40 employee revokes it in writing or by electronic means.

41 Sec. 11. Any:

42 (1) loan made under this chapter; or



1 **(2) person (as defined in IC 24-4.5-1-301.5) that makes a loan**
2 **under this chapter;**
3 **is subject to the requirements of IC 24-4.5-3 and any related rules,**
4 **orders, or guidance documents adopted or issued by the**
5 **department of financial institutions.**

