



HOUSE BILL No. 4193

January 30, 1995, Introduced by Rep. Brackenridge and referred to the Committee on Local Government.

A bill to authorize the use of credit cards by certain local units; to provide for sanctions for the misuse of credit cards; and to provide for powers and duties of certain state agencies and local governmental officers and employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Credit card" means a card or device issued by a person
3 licensed under Act No. 379 of the Public Acts of 1984, being sec-
4 tions 493.101 to 493.114 of the Michigan Compiled Laws, under a
5 credit card arrangement.

6 (b) "Credit card arrangement" means an unsecured extension
7 of credit for purchasing property or services from the credit
8 card issuer or any other person that is made to the holder of a
9 credit card and that is accessed with a credit card.

1 (c) "Credit card policy" means a policy adopted by
2 resolution of a local unit under section 3(1).

3 (d) "Local unit" means a county, township, city, or
4 village.

5 Sec. 2. (1) Subject to sections 3 and 5, the legislative
6 body of a local unit may enter into a credit card arrangement.

7 (2) The credit card arrangement shall require that the bal-
8 ance including interest due on an extension of credit under the
9 credit card arrangement shall be paid for within not more than 60
10 days of the initial statement date, and the local unit shall
11 comply with this requirement.

12 (3) A credit card arrangement or the use of credit cards
13 under this act is not subject to the municipal finance act, Act
14 No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3
15 of the Michigan Compiled Laws.

16 Sec. 3. (1) A local unit shall not be a party to a credit
17 card arrangement unless the local unit has a written credit card
18 policy. The credit card policy shall be adopted by resolution of
19 the legislative body of the local unit.

20 (2) The credit card policy shall provide all of the
21 following:

22 (a) That the chief administrative officer of the local unit,
23 or, if there is no chief administrative officer, another officer
24 or employee designated by the credit card policy is responsible
25 for credit card issuance, accounting, monitoring, and retrieval
26 and generally for overseeing compliance with the credit card
27 policy.

1 (b) That credit cards may be used only by officers or
2 employees of the local unit for the purchase of supplies or serv-
3 ices for the official business of the local unit.

4 (c) That individuals using credit cards issued by the local
5 unit shall submit to the local unit itemized expense vouchers,
6 vendor invoices, and credit card authorization slips detailing
7 the supplies or services purchased and the official business for
8 which purchased. However, individuals using credit cards issued
9 by the local unit for telephone calls shall submit to the local
10 unit itemized expense vouchers, identifying the person called and
11 the official business on which that person was called, and tele-
12 phone company invoices.

13 (d) That an individual issued a credit card is responsible
14 for its protection and custody and shall immediately notify the
15 local unit if the credit card is lost or stolen.

16 (e) That an individual issued a credit card shall return the
17 credit card upon the termination of his or her employment or term
18 of office with the local unit.

19 (f) For a system of internal accounting controls to monitor
20 the use of credit cards issued by the local unit.

21 (g) That the legislative body of the local unit shall
22 approve credit card invoices before payment.

23 (3) A credit card policy shall provide disciplinary measures
24 consistent with law for the unauthorized use of a credit card by
25 an employee or officer of the local unit, including, but not
26 limited to, the following:

1 (a) Warnings.

2 (b) Prohibition of future use of credit cards.

3 (c) Withholding from the compensation due to the employee or
4 officer the amount required to be reimbursed under an ordinance
5 adopted under subsection (4).

6 (d) Dismissal.

7 (4) A local unit shall not be a party to a credit card
8 arrangement unless the local unit has in effect an ordinance pro-
9 viding that an individual who uses a credit card issued by a
10 local unit for other than the official business of the local unit
11 is responsible for a civil infraction or guilty of a
12 misdemeanor. A misdemeanor under the ordinance is punishable by
13 imprisonment for not more than 90 days. A fine for a misdemeanor
14 or civil infraction shall not exceed \$100.00, plus costs. Costs
15 shall include but are not limited to reimbursement of the local
16 unit for the amount of the purchase and any interest or fees,
17 plus a 10% handling charge.

18 Sec. 4. (1) The outstanding balance of all credit card pur-
19 chases, exclusive of interest, shall not exceed 1/2 of 1% of the
20 state equalized value of the real and personal property in the
21 local unit at the date the supplies or services were acquired
22 with the credit card.

23 (2) The legislative body of a local unit may include in its
24 budget and pay the balance due on any credit cards, including the
25 annual fee and interest.

26 Sec. 5. After a hearing conducted under the administrative
27 procedures act of 1969, Act No. 306 of the Public Acts of 1969,

1 being sections 24.201 to 24.328 of the Michigan Compiled Laws,
2 the department of treasury may issue an order limiting or sus-
3 pending the authority of a local unit to issue and use credit
4 cards under this act for failure to comply with the requirements
5 of this act or of the local unit's credit card policy.

6 Sec. 6. A credit card arrangement entered into by the leg-
7 islative body of a local unit before the effective date of this
8 act and any transactions under that credit card arrangement
9 authorized by the local unit are valid to the extent used to pur-
10 chase services or supplies.