CREDIT CARD TRANSACTIONS

Act 266 of 1995

AN ACT to authorize and regulate credit card transactions involving local units of government, including the use of credit cards by officers and employees of local units of government; and to provide for powers and duties of certain state and local agencies, officers, and employees.

History: 1995, Act 266, Eff. July 8, 1996

The People of the State of Michigan enact:

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129.241 Definitions.

Sec. 1.

As used in this act:

(a) "Budget" means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of a local unit and the proposed means of financing the expenditures. As used in section 4(1), budget does not include any of the following:

(i) A fund for which the local unit acts as a trustee or agent.

(ii) An intragovernmental service fund.

(iii) An enterprise fund.

(iv) A public improvement or building and site fund.

(v) A special assessment fund.

(b) "Credit card" means a card or device issued under a credit card arrangement by a person licensed under 1984 PA 379, MCL 493.101 to 493.114, by a person licensed under the consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072, or by a depository financial institution as defined in section 1a of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1651a.

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

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

(e) "Governing body" means any of the following:

(i) The council, commission, or other entity vested with the legislative power of a village.

(ii) The council or other entity vested with the legislative power of a city.

(iii) The township board of a township.

(iv) The county board of commissioners of a county.

(v) The board of county road commissioners of a county.

(vi) The board of education of a local school district.

(vii) The board of education of an intermediate school district.

(viii) The board of trustees of a community college district.

(ix) The official body to which is granted general governing powers over an authority or organization of government established by law that may issue obligations under the revised

municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and that may expend funds of the authority or organization.

(x) A community mental health authority created under section 205 of the mental health code, 1974 PA 258, MCL 330.1205.

(f) "Local school district" means a school district organized under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, or a district governed by a special or local act.

(g) "Local unit" means any of the following:

(i) A village.

(ii) A city.

(iii) A township.

(iv) A county.

(v) A county road commission.

(vi) A local school district.

(vii) An intermediate school district.

(viii) A community college district.

(ix) An authority or organization of government established by law that may issue obligations under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and that may expend funds of the authority or organization.

(x) A community mental health authority created under section 205 of the mental health code, 1974 PA 258, MCL 330.1205.

History: 1995, Act 266, Eff. July 8, 1996 ;-- Am. 2000, Act 169, Imd. Eff. June 20, 2000 ;-- Am. 2002, Act 257, Imd. Eff. May 1, 2002

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129.242 Credit card arrangement; use of credit cards.

Sec. 2.

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

(2) A credit card arrangement or the use of credit cards under this act is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or to provisions of law or charter concerning the issuance of debt by a local unit.

History: 1995, Act 266, Eff. July 8, 1996 ;-- Am. 2002, Act 257, Imd. Eff. May 1, 2002

129.243 Adoption of resolution; written policy; provisions.

Sec. 3.

A local unit shall not be a party to a credit card arrangement unless the governing body of the local unit has adopted by resolution a written policy that provides all of the following:

(a) That an officer or employee designated by the credit card policy is responsible for the local unit's credit card issuance, accounting, monitoring, and retrieval and generally for overseeing compliance with the credit card policy.

(b) That a credit card may be used only by an officer or employee of the local unit for the purchase of goods or services for the official business of the local unit. In addition, the credit card policy may limit the specific official business for which credit cards may be used. This subdivision does not limit the applicability of chapter XXIVA or section 174, 175, 219a, or 490a of the Michigan penal code, Act No. 328 of the Public Acts of 1931, being sections 750.157m to 750.157w, 750.174, 750.175, 750.219a, and 750.490a of the Michigan Compiled

Laws; section 1a of the code of criminal procedure, Act No. 175 of the Public Acts of 1927, being section 769.1a of the Michigan Compiled Laws; or any other law, or ordinance, applicable to use of a credit card, issued by a local unit, for other than official business of the local unit.

(c) That an officer or employee using credit cards issued by the local unit shall submit to the local unit documentation described in the credit card policy detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which purchased.

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

(e) That an officer or employee issued a credit card shall return the credit card upon the termination of his or her employment or service in office with the local unit.

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

(g) For the approval of credit card invoices before payment.

(h) That the balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than 60 days of the initial statement date. The local unit shall comply with this provision of the credit card policy.

(i) For disciplinary measures consistent with law for the unauthorized use of a credit card by an officer or employee of the local unit.

(j) Any other matters the governing body considers advisable.

History: 1995, Act 266, Eff. July 8, 1996

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129.244 Total combined authorized credit limit; limitation; payment of balance, annual fee, and interest.

Sec. 4.

(1) The total combined authorized credit limit of all credit cards issued by a local unit shall not exceed 5% of the total budget of the local unit for the current fiscal year.

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

History: 1995, Act 266, Eff. July 8, 1996

129.245 Limiting or suspending authority to issue and use credit cards; issuance of order; hearing.

Sec. 5.

After a hearing conducted under the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, the department of treasury may issue an order limiting or suspending the authority of a local unit to issue and use credit cards under this act for failure to comply with the requirements of this act or with the requirements of the local unit's credit card policy.

History: 1995, Act 266, Eff. July 8, 1996

129.246 Validity of credit card arrangement before effective date of act.

Sec. 6.

A credit card arrangement entered into by a local unit before the effective date of this act is valid but may not be used for credit card transactions on or after the effective date of this act unless the requirements of sections 3 and 4 are complied with.

History: 1995, Act 266, Eff. July 8, 1996

129.247 Effective date.

Sec. 7.

This act shall take effect 6 months after the date of its enactment.

History: 1995, Act 266, Eff. July 8, 1996

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