§ 96-b. Payroll payment by banks or trust companies. l. Every bank and trust company shall have the power to enter into contracts with any municipal corporation, school district, district corporation, town or county improvement district, public authority, or public corporation to receive in a single payment, for each pay period, the total payroll of such corporations, districts or authorities and deposit the same in accordance with the terms of such contract, which shall include provision for deposits for withholding, retirement and insurance, if any.

2. The amount due each employee shall be disbursed or credited in accordance with the directions of each employee to saving or checking accounts, or loan or mortgage accounts within such bank or trust company or to a single account in another bank or trust company or savings bank or savings and loan association or may be payable in cash or by check to such employee.