

SENATE BILL REPORT

SB 5327

As of February 7, 2011

Title: An act relating to limiting the use of public assistance electronic benefit cards.

Brief Description: Limiting the use of public assistance electronic benefit cards.

Sponsors: Senators Carrell, Zarelli, Becker, Stevens, Baumgartner, Hewitt, King, Schoesler and Swecker.

Brief History:

Committee Activity: Human Services & Corrections: 2/03/11.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Staff: Jennifer Strus (786-7316)

Background: Temporary Assistance for Needy Families (TANF) benefits are provided to recipients through an electronic benefits transfer (EBT) card. The benefit amount is electronically added to the card each month. The EBT card can be used at ATMs and also at stores through a point of sale machine, similar to how debit cards are used.

A TANF recipient is prohibited from using an EBT card or cash obtained with an EBT card to participate in a gambling activity, a parimutuel wagering activity, or to purchase lottery tickets. The Department of Social and Health Services (DSHS) must notify EBT cardholders that using an EBT card or cash obtained with an EBT card for any of the prohibited activities could result in legal proceedings and the forfeiture of all cash benefits.

Summary of Bill: A TANF recipient is prohibited from using an EBT card or cash obtained with an EBT card for the following:

- to participate in or purchase activities located in a tattoo, body piercing, or body art shop;
- to purchase any alcoholic beverage;
- to purchase cigarettes or tobacco products;
- to purchase firearms; or
- to purchase or participate in any activity in certain locations.

On or before January 1, 2012, DSHS must require the EBT card vendor to disable EBT cards for purposes of ATM cash withdrawals and point of sale purchases at the following locations:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- taverns;
- beer/wine specialty stores;
- nightclubs;
- contract liquor stores;
- bail bond agencies;
- firearms dealers;
- gambling establishments;
- tattoo, body piercing, or body art shops; and
- adult entertainment venues with performances that contain erotic material where minors under the age of 18 are prohibited.

The use of an EBT card for a prohibited use is a gross misdemeanor.

On or before January 1, 2012, DSHS must require the EBT card vendor to disable the EBT card for purposes of ATM withdrawals outside the state of Washington. The cost of implementing the EBT card vendor requirements is to be offset by an across-the-board ratable reduction to the TANF grant applicable to all recipients.

A TANF recipient who requests a replacement EBT card must pay a fee in an amount set by DSHS. DSHS may issue one replacement EBT card per recipient per year. If the recipient is unable to pay the fee or makes a request for a second card in the same calendar year in which the first card was replaced, DSHS must issue the replacement card to a protective payee on behalf of the card requestor.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: EBT cards are being used in gambling establishments, strip clubs etc.; we don't know where else. EBT cards are also being used in other states in these businesses as well. You don't have to be a resident of Washington to obtain an EBT card. All purchases with an EBT card can be tracked so we know that EBT cards are being used for items and services for which TANF benefits were not intended. All one needs to do if one wants drugs is give the drug dealer one's EBT card. Thousands of these cards are reissued each year so it is easy to sell them for drugs. It appears that a lot of TANF recipients do not use the cards as intended.

OTHER: Nightclubs, gambling establishments, firearms purchases - these seem like reasonable places to restrict the use of EBT cards. We are concerned about making it a gross misdemeanor to use the EBT card in these establishments. We do not like paying the administrative costs out of the TANF grant because the grant was just cut 15 percent and the grant had had one increase of 3 percent in the last 15 years. Since some alcohol is sold in grocery stores, saying that one cannot use an EBT card for only some purchases puts the onus

on the checker to explain to a customer why they can't use the EBT card for certain purchases. This bill would require all grocers to revise the software programs they use to block EBT purchases for certain items - in a meeting with DSHS they were told this. It would cost \$40,000 to change the software for just one store so that is a large expense to grocers.

Persons Testifying: PRO: Senator Carrell, prime sponsor; Dolores Chiechi, Recreational Gaming Assn.

OTHER: Lonnie Johns-Brown, Welfare Advocates group; Holly Chisa, NW Grocery Association; Jan Gee, WA Food Industry Assn.