
SENATE BILL 6386

State of Washington

62nd Legislature

2012 Regular Session

By Senators Carrell, Becker, Zarelli, Hargrove, Delvin, Schoesler, Honeyford, and Keiser

Read first time 01/19/12. Referred to Committee on Human Services & Corrections.

1 AN ACT Relating to fraud in state assistance programs; amending RCW
2 74.08.580, 74.04.014, and 43.215.135; adding a new section to chapter
3 74.08 RCW; creating a new section; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that fraud associated
6 with public assistance programs is a significant problem in the state
7 of Washington, costing the state's citizens millions of dollars each
8 year. Therefore, the legislature encourages the office of fraud and
9 accountability with the department of social and health services to
10 coordinate with the office of the state auditor and the department of
11 early learning to improve the prevention, detection, and prosecution of
12 fraudulent activity taking place in public assistance programs across
13 the state of Washington. It is the purpose of this act to
14 significantly reduce fraud and to ensure that public assistance dollars
15 reach the intended populations in need.

16 **Sec. 2.** RCW 74.08.580 and 2011 1st sp.s. c 42 s 14 are each
17 amended to read as follows:

1 (1) Any person receiving public assistance is prohibited from using
2 electronic benefit cards or cash obtained with electronic benefit
3 cards:

4 (a) For the purpose of participating in any of the activities
5 authorized under chapter 9.46 RCW;

6 (b) For the purpose of parimutuel wagering authorized under chapter
7 67.16 RCW;

8 (c) To purchase lottery tickets or shares authorized under chapter
9 67.70 RCW;

10 (d) For the purpose of participating in or purchasing any
11 activities located in a tattoo, body piercing, or body art shop
12 licensed under chapter 18.300 RCW;

13 (e) To purchase cigarettes as defined in RCW 82.24.010 or tobacco
14 products as defined in RCW 82.26.010;

15 (f) To purchase any items regulated under Title 66 RCW; or

16 (g) For the purpose of purchasing or participating in any
17 activities in any location listed in subsection (2) of this section.

18 (2) On or before January 1, 2012, the businesses listed in this
19 subsection must disable the ability of ATM and point-of-sale machines
20 located on their business premises to accept the electronic benefit
21 card. The following businesses are required to comply with this
22 mandate:

23 (a) Taverns licensed under RCW 66.24.330;

24 (b) Beer/wine specialty stores licensed under RCW 66.24.371;

25 (c) Nightclubs licensed under RCW 66.24.600;

26 (d) Contract liquor stores defined under RCW 66.04.010;

27 (e) Bail bond agencies regulated under chapter 18.185 RCW;

28 (f) Gambling establishments licensed under chapter 9.46 RCW;

29 (g) Tattoo, body piercing, or body art shops regulated under
30 chapter 18.300 RCW;

31 (h) Adult entertainment venues with performances that contain
32 erotic material where minors under the age of eighteen are prohibited
33 under RCW 9.68A.150; and

34 (i) Any establishments where persons under the age of eighteen are
35 not permitted.

36 (3) The department must notify the licensing authority of any
37 business listed in subsection (2) of this section that such business

1 has continued to allow the use of the electronic benefit card in
2 violation of subsection (2) of this section.

3 (4) Only the recipient, an eligible member of the household, or the
4 recipient's authorized representative may use an electronic benefit
5 card or the benefit and such use shall only be for the respective
6 benefit program purposes. Unless a recipient's family member has been
7 assigned as a protective payee, no family member may use the benefit
8 card. The recipient shall not sell, or attempt to sell, exchange, or
9 donate an electronic benefit card or any benefits to any other person
10 or entity.

11 (5) The first violation of subsection (1) or (4) of this section by
12 a recipient constitutes a class 4 civil infraction under RCW 7.80.120.
13 Second and subsequent violations of subsection (1) or (4) of this
14 section constitute a (~~class 3 civil infraction under RCW 7.80.120~~)
15 misdemeanor.

16 (a) The department shall notify, in writing, all recipients of
17 electronic benefit cards that any violation of subsection (1) or (4) of
18 this section could result in legal proceedings and forfeiture of all
19 cash public assistance.

20 (b) Whenever the department receives notice that a person has
21 violated subsection (1) or (4) of this section, the department shall
22 notify the person in writing that the violation could result in legal
23 proceedings and forfeiture of all cash public assistance.

24 (c) The department shall assign a protective payee to the person
25 receiving public assistance who violates subsection (1) or (4) of this
26 section or section 3 of this act two or more times.

27 (6) In assigning a personal identification number to an electronic
28 benefit card, the department shall not use any numbers that appear on
29 the card. All personal identification numbers shall be randomly
30 assigned to the electronic benefit card.

31 (7) The department shall include the recipient's photograph on a
32 replacement electronic benefit card issued to any recipient who has
33 lost his or her electronic benefit card more than once in a calendar
34 year.

35 NEW SECTION. Sec. 3. A new section is added to chapter 74.08 RCW
36 to read as follows:

1 (1) A person who purchases and uses public assistance benefits
2 transferred electronically, or electronic benefit cards, to which the
3 person is not authorized, is guilty of a gross misdemeanor.

4 (2) A person who knowingly initiates, organizes, plans, finances,
5 directs, manages, or supervises the theft of public assistance benefits
6 transferred electronically, or electronic benefit cards, for sale to
7 others, or who knowingly traffics in stolen electronic benefits cards
8 is guilty of a felony.

9 (3) A person who is found in possession of more than one electronic
10 benefit card and who is not authorized to have any of the cards in his
11 or her possession is guilty of a misdemeanor.

12 **Sec. 4.** RCW 74.04.014 and 2011 1st sp.s. c 42 s 24 are each
13 amended to read as follows:

14 (1) In carrying out the provisions of this chapter, the office of
15 fraud and accountability shall have prompt access to all individuals,
16 records, electronic data, reports, audits, reviews, documents, and
17 other materials available to the department of revenue, department of
18 labor and industries, department of early learning, employment security
19 department, department of licensing, and any other government entity
20 that can be used to help facilitate investigations of fraud or abuse as
21 determined necessary by the director of the office of fraud and
22 accountability.

23 (2) The investigator shall have immediate access to all child care
24 records maintained by licensed and unlicensed child care providers upon
25 the investigator's request.

26 (3) Information gathered by the department, the office, or the
27 fraud ombudsman shall be safeguarded and remain confidential as
28 required by applicable state or federal law. Whenever information or
29 assistance requested under subsection (1) or (2) of this section is, in
30 the judgment of the director, unreasonably refused or not provided, the
31 director of the office of fraud and accountability must report the
32 circumstances to the secretary immediately.

33 **Sec. 5.** RCW 43.215.135 and 2011 1st sp.s. c 42 s 11 are each
34 amended to read as follows:

35 (1) The department shall establish and implement policies in the
36 working connections child care program to promote stability and quality

1 of care for children from low-income households. Policies for the
2 expenditure of funds constituting the working connections child care
3 program must be consistent with the outcome measures defined in RCW
4 74.08A.410 and the standards established in this section intended to
5 promote continuity of care for children.

6 (2) As a condition of receiving a child care subsidy or a working
7 connections child care subsidy, the applicant or recipient must: (a)
8 Seek child support enforcement services from the department of social
9 and health services, division of child support, unless the department
10 finds that the applicant or recipient has good cause not to cooperate;
11 (b) obtain a statement from the provider stating that the provider will
12 seek payment only for children who are receiving child care services
13 when the provider indicates the children will be present; and (c)
14 obtain a signed waiver from the provider allowing access to the child
15 care premises and child care records upon a request by an investigator
16 employed by the office of fraud and accountability at the department of
17 social and health services.

18 (3) Except as provided in subsection (4) of this section, an
19 applicant or recipient of a child care subsidy or a working connections
20 child care subsidy is eligible to receive that subsidy for six months
21 before having to recertify his or her income eligibility. The six-
22 month certification provision applies only if enrollments in the child
23 care subsidy or working connections child care program are capped.

24 (4) Beginning in fiscal year 2011, for families with children
25 enrolled in an early childhood education and assistance program, a head
26 start program, or an early head start program, authorizations for the
27 working connections child care subsidy shall be effective for twelve
28 months unless a change in circumstances necessitates reauthorization
29 sooner than twelve months.

30 (5) The department, in consultation with the department of social
31 and health services, shall report to the legislature by September 1,
32 2011, with:

33 (a) An analysis of the impact of the twelve-month authorization
34 period on the stability of child care, program costs, and
35 administrative savings; and

36 (b) Recommendations for expanding the application of the twelve-

1 month authorization period to additional populations of children in
2 care.

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