



1995 SENATE BILL 445

December 6, 1995 - Introduced by JOINT LEGISLATIVE COUNCIL. Referred to Committee on Health, Human Services and Aging.

1 **AN ACT to create** 49.129 of the statutes; **relating to:** transfer of food stamps and
2 other governmental benefits through an electronic benefit transfer system and
3 granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the joint legislative council in the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

PREFATORY NOTE: This bill was prepared at the direction of the joint legislative council's special committee on electronic benefit transfer systems. The bill requires the department of health and social services (DHSS) to implement a program to deliver benefits to recipients under the food stamp program by an electronic benefit transfer system no later than July 1, 1999. The program must be available in all counties by April 1, 2000. DHSS is required to seek any necessary approval from the U.S. department of agriculture in order to implement such a system. In addition, the bill provides that DHSS may deliver benefits by an electronic benefit transfer system under other programs administered by DHSS and that DHSS designates by rule. The bill also provides that DHSS may enter into an agreement with another state agency to deliver benefits paid by that agency by an electronic benefit transfer system.

The bill provides that, in implementing the system, DHSS must: (1) consult with recipients and other enumerated persons affected by the system; (2) hold informational meetings at a variety of locations around the state; (3) to the extent possible, maximize use of existing automated teller machines and point-of-sale terminals; and (4) to the extent possible, use cards that physically resemble financial transaction cards that are customarily used by persons who are not recipients under the program.

If a contract is awarded for administration of an electronic benefit transfer system, the bill provides that the contract must include a requirement that the contractor provide training for enumerated persons affected by the system and ongoing assistance that is available 24 hours each day.

The bill requires DHSS to promulgate rules that: (1) specify the liability of recipients for lost benefits after loss or theft of a card; (2) provide for the suspension from a program of recipients, retailers or other participants for fraudulent activity; and (3) provide for confidentiality and security.

The bill prohibits DHSS from requiring a county to participate in an electronic benefit transfer system if the costs to the county would be greater than the costs that the county would incur in delivering the benefits through a system that is not an electronic benefit transfer system.

Finally, under the 1995-97 biennial budget bill (1995 Wisconsin Act 27), the administration of economic support programs, such as food stamps, is transferred from DHSS to the department of industry, labor and human relations (renamed the department of industry, labor and job development, or DILJD) on July 1, 1996. Therefore, the powers and duties of DHSS created under this bill will become the powers and duties of DILJD beginning on July 1, 1996.

1 **SECTION 1.** 49.129 of the statutes is created to read:

2 **49.129 Electronic benefit transfer. (1) DEFINITION.** In this section, “food
3 stamp program” means the federal food stamp program under 7 USC 2011 to 2029
4 or, if the department determines that the food stamp program no longer exists, a
5 nutrition program that the department determines is a successor to the food stamp
6 program.

7 **(2) DELIVERY OF FOOD STAMPS.** (a) The department shall request any necessary
8 authorization from the secretary of the federal department of agriculture to deliver
9 food stamp benefits to recipients of food stamp benefits by an electronic benefit
10 transfer system.

11 (b) If the necessary authorization under par. (a) is granted, the department
12 shall begin to implement, no later than July 1, 1999, a program to deliver food stamp
13 benefits to recipients of food stamp benefits by an electronic benefit transfer system.
14 Except as provided in sub. (8), the department shall implement the program in all
15 counties no later than April 1, 2000. All suppliers, as defined in s. 49.127 (1) (d), may

1 participate in the delivery of food stamp benefits under the electronic benefit transfer
2 system.

3 **(3) DELIVERY OF OTHER BENEFITS.** (a) The department shall request any
4 necessary authorization from the appropriate federal agency to deliver benefits that
5 are administered by the department, other than food stamp benefits, to recipients
6 of benefits by an electronic benefit transfer system.

7 (b) If the necessary authorization under par. (a) is granted, and except as
8 provided in sub. (8), beginning on July 1, 1999, the department may implement a
9 program to deliver by an electronic benefit transfer system any benefit that is
10 administered by the department and that the department designates by rule.

11 **(4) DUTIES; IMPLEMENTATION.** In implementing a program to deliver benefits by
12 an electronic benefit transfer system, the department shall do all of the following:

13 (a) Consult with members of the following groups:

14 1. Benefit recipients.

15 2. Advocates for benefit recipients.

16 3. Financial institution personnel.

17 4. Appropriate county and state employees.

18 5. Persons who sell goods or services to recipients for which payment may be
19 made by use of an electronic benefit transfer system, including, as appropriate,
20 retailers, landlords and public utilities.

21 (b) Hold informational meetings at a variety of locations around the state.

22 (c) To the extent possible, maximize the use of existing automated teller
23 machines and point-of-sale terminals.

24 (d) Authorize the use of cards that physically resemble financial transaction
25 cards, as defined in s. 943.41 (1) (em).

1 **(5) STATE AGENCIES.** Beginning on July 1, 1999, the department may enter into
2 an agreement with any state agency to deliver benefits paid by that agency by an
3 electronic benefit transfer system.

4 **(6) ADMINISTRATION; CONTRACTS.** The department may enter into a contract with
5 any person to administer a program to deliver benefits to recipients by an electronic
6 benefit transfer system. The contract shall require the contractor to do all of the
7 following:

8 (a) Provide training on the use of the electronic benefit transfer system to the
9 persons enumerated in sub. (4) (a).

10 (b) Provide ongoing assistance, on a 24-hour basis, on the use of the electronic
11 benefit transfer system.

12 **(7) RULES.** The department shall promulgate rules for the administration of
13 the electronic benefit transfer system under this section. The rules shall include all
14 of the following:

15 (a) The liability of a recipient for lost benefits after the loss or theft of a card
16 issued to the recipient under sub. (4) (d).

17 (b) The suspension from a program of recipients, retailers or other participants
18 for fraudulent activity, as defined by the department.

19 (c) A provision for confidentiality.

20 (d) Measures to be taken by the department or the person with whom the
21 department contracts under sub. (6) to ensure the security of card issuance and
22 electronic transfer of benefits.

23 **(8) COUNTY PARTICIPATION; EXCEPTION.** The department may not require a county
24 to participate in an electronic benefit transfer system under this section if the costs
25 to the county would be greater than the costs that the county would incur in

