

HCS SS SB 251 -- PUBLIC ASSISTANCE FRAUD AND ABUSE

SPONSOR: Kraus (Guernsey)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Government Oversight and Accountability by a vote of 4 to 2.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES ELECTRONIC BENEFIT TRANSFERS

Eligible recipients of temporary assistance for needy families (TANF) benefits must not use these funds in any electronic benefit transfer (EBT) transaction in any liquor store, casino, gambling casino or gaming establishment, or adult-oriented establishment. Any TANF recipient who does so must reimburse the Department of Social Services for the purchase. An individual, store owner, or proprietor of an establishment must not accept TANF cash assistance funds held on EBT cards for the purchase of alcohol, lottery tickets, or tobacco, or in the establishments listed above. For the knowing acceptance of EBT cards, a violator will be punished by a fine of up to \$500 for the first offense, a fine of at least \$500 but no more than \$1,000 for the second offense, and a fine of at least \$1,000 for the third or subsequent offense. Store owners and proprietors of these establishments must not adopt any policies that encourage, permit, or acquiesce in an employee's knowing acceptance of EBT cards in violation of these provisions.

PUBLIC ASSISTANCE FRAUD

The substitute revises definitions to match current usage throughout these sections, and the criminal offenses of unlawfully receiving, unlawful conversion, and unlawful transfer of public assistance benefits have been updated and renamed to include the EBT cards. Any person found guilty of violating these offenses will be guilty of a class A misdemeanor for a first offense if the value of the benefits is less than \$500, a class D felony for a second offense if the value of the benefits is less than \$500; and a class C felony for a second or subsequent felony offense.

Any person who is found guilty of felony unlawfully receiving, unlawful conversion, or unlawful transfer of public assistance benefits or EBT cards must serve at least 120 days in the Department of Corrections unless the person pays full restitution to the state within 30 days of the date of execution of sentence. In addition to any criminal penalty, any person found guilty of unlawfully receiving, unlawful conversion, or unlawful transfer of public assistance benefits or EBT cards must pay full restitution to the state for the total amount of moneys converted. No person placed on probation for the offense will be released from probation

until full restitution has been paid.

The Department of Social Services, rather than the Attorney General's Office, must establish and maintain a statewide toll-free telephone service to be operated eight hours a day during the work week to receive complaints of suspected public assistance fraud. The department must also study analytical modeling-based methods of detecting fraud and issue a report to the General Assembly and Governor by December 1, 2013, relating to the benefits and limitations of the model.

PROPONENTS: Supporters say that the bill is modeled after a federal law that bans the use of benefit cards in liquor stores, among other places.

Testifying for the bill was Senator Kraus.

OPPONENTS: Those who oppose the bill say that most transactions with EBT cards do not occur in casinos or liquor stores; some people have valid reasons for using their cards out-of-state.

Testifying against the bill was National Association of Social Workers.