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SB 2

Department of Human Services – Electronic Benefits Transfer Cards – Fraud (Prevent Electronic Benefits Theft Act of 2023) Hearing of The House Appropriations Committee

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SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. **PJC stands in strong support of SB 2 as amended.** SB 2 would require the Department of Human Services (DHS) to reimburse a beneficiary of any benefits lost due to fraudulent use of the beneficiary's Electronic Benefits Transfer (EBT) card. It would also require DHS to investigate and identify EBT fraud as well as take actions to prevent fraud and assist beneficiaries.

EBT skimming theft is a crisis that has devastated Maryland's low-income individuals and families receiving SNAP, TCA and TDAP. In Calendar Year 2022, at least 2,334 households receiving benefits from the Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA) and the Temporary Disability Assistance Program (TDAP) had over \$1.6 million in benefits stolen from them. Individuals stealing benefits attach a skimming device to point-of-sales (POS) machines and PIN pads to steal EBT card numbers. These illegal devices look like they are part of the machine or pin pad, are hard to identify and can be placed in less than one minute. When unsuspecting EBT cardholders swipe their cards in the POS, their card number and PIN can then be cloned and use to drain funds from their account from any state. This crime leaves the victims, including families with young children, seniors, and individuals with disabilities, feeling violated. Their trauma was compounded further by the previous DHS administration's policy decision to not replace these stolen benefits.

The loss of SNAP, TCA and TDAP benefits from a household means that the individual or family cannot afford food, rent and utilities. Additionally, victims accrue late fees for missed rent and utility bills, driving them deeper into poverty. Marylanders need immediate relief from this crisis and SB 2 would provide that relief.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

SB 2 is a consensus bill developed in collaboration with the bill sponsors, DHS and advocates. We greatly appreciate the new DHS administration's strong support of SB 2 and Secretary Lopez's willingness to work with advocates over several weeks on amendments to the legislation. SB 2, as amended, would:

- reimburse households retroactively for benefits that were stolen between March 15, 2020 (declaration of the COVID-19 public health emergency) to the bill's effective date;
- prevent limitations on the number of times a household may have their benefits restored where a household has experienced multiple instances of EBT theft;
- establish an expedient process for households to receive notice of DHS' decision on their stolen benefits claim and receive reimbursement;
- create an appeal process for households that receive an unfavorable decision on their application and would require DHS to restore benefits while the appeal is pending;
- prohibit DHS from requiring a household to file a police report as a condition of benefits restoration;
- establish an entitlement to restoration of stolen benefits for beneficiaries; and
- require DHS to coordinate with vendors to implement security protections for EBT cards, including the inclusion of a microchip on or after October 1, 2023 and two-way fraud alert.

SB 2, as amended, would bring justice and important consumer protections to Marylanders who receive SNAP, TCA and TDAP. For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 2 as amended**. If you have any questions about this testimony, please contact Ashley Black at 410-625-9409 ext. 224 or blacka@publicjustice.org.