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SB 2 Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)
FAVORABLE
Senate Finance Committee
February 23, 2023

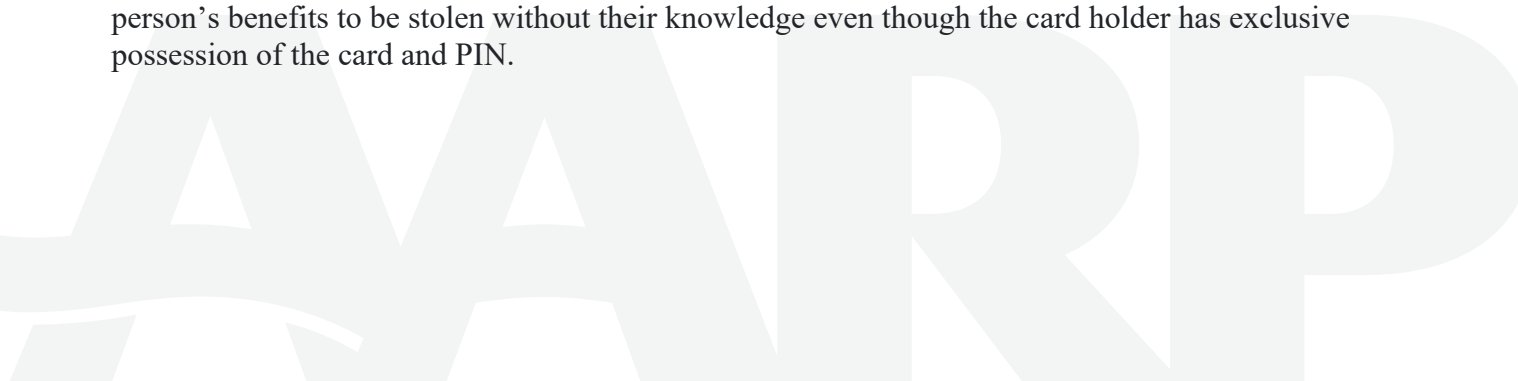
Good afternoon Chair Griffith and members of the Senate Finance Committee. Thank you for this opportunity to provide testimony in support of SB 2 sponsored by Senator Hester. My name is Jim Campbell, a former member of the House of Delegates now State President of AARP Maryland. AARP is one of the largest membership-based organizations in Maryland, encompassing more than 850,000 members.

AARP is a non-partisan, non-profit nationwide organization that helps people turn their goals and dreams into real possibilities, strengthen communities and advocates on those issues that matter to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

We urge support of SB 2 which requires the Department of Human Services to reimburse a beneficiary for benefits lost due to the fraudulent use of the recipient's Electronic Benefits Transfer card (EBT). As you may know recipients of the Supplemental Nutrition Assistance Program (SNAP formerly Food Stamps) are all issued and use an EBT card in order to get their monthly benefits.

SNAP serves one in seven U.S. residents and helps to ensure that low-income households have access to adequate food. Almost 870,000 Marylanders receive SNAP benefits, and 90,000 about one in three of the recipients are aged 60 and over.

In 2022, 2,334 Maryland households had benefits stolen totaling in excess of \$1.6 million. How is this done? It's easy. The fraud problem with EBT cards skyrocketed in the spring and summer last year. You may recall that it was reported that benefits most likely were stolen with "skimming" devices attached by thieves posing as customers to card processing machines at store checkouts. The skimmers take seconds to install, and law enforcement officials say they are often placed late at night when store employees are distracted. Those devices clone the data encoded on the cards and can also steal Personal Identification Number (PINs). If a skimming device is placed on an ATM or card swiping machine, the data on the card can be copied and the unauthorized user can copy the card and make a fake card. The use of this fake card can allow a person's benefits to be stolen without their knowledge even though the card holder has exclusive possession of the card and PIN.



This loss of food benefits causes tremendous hardships for families who struggle month to month to get by. The affected families must divert the limited cash they have to cover the cost of food, in addition to rent, utilities, and other personal items which adds to the experience of hunger and housing insecurity.

SB 2 provides retroactive benefits to victims and provides them with replacement benefits within two days. The bill aims to replace benefits to victims who would otherwise go hungry.

Although federal and state governments jointly fund SNAP, prior to passage of a new federal law, states could only use their own funds for reimbursement of stolen benefits. As a result, only a handful, including California, the District of Columbia, Michigan, Rhode Island and Wisconsin, reimbursed stolen benefits, according to the American Public Human Services Association.

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AARP Maryland respectfully ask the Senate Finance Committee to issue a favorable report for SB 2. If you have questions, please call Tammy Bresnahan, Senior Director of Advocacy at 410-302-8451 or at tbresnahan@aarp.org .