

# **SB 401 Maryland Legal Aid Testimony.pdf**

Uploaded by: Cornelia Bright Gordon

Position: FAV



**MARYLAND**  
**LEGAL AID**

*Advancing*  
**Human Rights and**  
**Justice for All**

**Senate Bill 401**

**Department of Human Services - Electronic Benefits Transfer Cards - Theft and Restoration of Benefits**

Senate Finance Committee

Hearing on February 23, 2023

**Position: FAVORABLE**

*Maryland Legal Aid (MLA) submits its written and oral testimony on SB 401 at the request of bill sponsor Senator Kramer.*

MLA is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our 12 offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, including unemployment benefit law, which helps Marylanders contribute to their families and to the community.

This bill addresses the current Statewide increase in the theft of electronically issued government benefits by a skimming device or other means. SB 401 requires the Department of Human Services (DHS) to reimburse a person who is a beneficiary of government funds and who has suffered a loss due to fraudulently stolen benefits from their electronic benefits transfer (EBT) account. MLA strongly supports SB 401.

Maryland issues multiple types of government benefits on EBT cards, including SNAP, Temporary Cash Assistance (TCA) and Temporary Disability Assistance (TDAP) benefits. It has been well documented that theft of the benefits through various devices have increased substantially both in Maryland and nationwide.<sup>1</sup>

SB 401 provides robust protections for victims of theft of benefits, an appeals process with retroactive benefits pending appeal, restoration of stolen benefits back to 2020, and permits proof of the theft without requiring a police report (many police agencies do not wish to write reports on this type of theft). Most importantly, it institutes the issuance of cards with chip technology, which protects both the state and the card user from future theft.

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<sup>1</sup> <https://www.wusa9.com/article/news/investigations/maryland-families-struggle-and-want-money-reimbursed-after-ebt-fraud/65-84e334bf-e32e-4467-adda-b4382585803f>

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EBT funds are deposited on account by DHS upon approval for benefit programs that are designed to stabilize older adults, low-income families and disabled persons: SNAP provides assistance to purchase food, TCA supplements family income and provides health insurance, and TDAP issues a small amount of funds as cash for disabled single adults.

The theft of EBT benefit funds has become rampant: just in 2022, the total federal dollars reported as a loss from fraudulent transfers was \$1,056,651.22.<sup>2</sup> The 2022 federal omnibus spending bill, HR 2617, was recently signed into law by President Biden, and provides funds for states to reimburse victims of SNAP theft.<sup>3</sup> The federal statute requires states to use their SNAP allocation to replace benefits that are determined to be stolen through card skimming, card cloning or similar fraudulent methods.<sup>4</sup>

State and federal funds issued on EBT cards are distributed to households with the lowest incomes in the State. Currently, despite reports of the thefts to DHS, and a subsequent investigation and finding of fraudulent activity, stolen benefits are not restored in Maryland. This terrible history is unacceptable and inappropriate. Clear direction at the federal level is now available for replacement of stolen SNAP benefits and should follow for all stolen State benefits.

SB 401 will address the inherent impropriety of proven acts of theft of State and federal benefits from the most vulnerable of Maryland residents. This is recognized as a statewide problem, despite Maryland State Government's refusal to reimburse those benefits to the vulnerable folks that rely on them. This impropriety affects struggling older adults, families with minor children, and disabled persons.

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<sup>2</sup>Id.

<sup>3</sup>H.R. 2617, Title IV § 501 (EBT Benefit Fraud Prevention) (signed 12/31/2023).  
<https://roppersberger.house.gov/news-room/press-releases/roppersberger-funding-bill-will-require-states-reimburse-victims-snap>.

<sup>4</sup> Id.

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EBT benefits can make the difference between homelessness and hunger, and advance beneficiaries along to a better state of housing and food security. The theft of EBT funds presents real dangers to Maryland citizens – reimbursement can help our low-income neighbors remain housed and will assure that they have healthy food on their tables. **MLA supports SB 401 and urges a favorable report and the passage of the bill.**

Sincerely,

Cornelia Bright Gordon  
Director of Advocacy for Administrative Law  
Maryland Legal Aid

**SB 401\_MD Center on Economic Policy\_FAV.pdf**

Uploaded by: Kali Schumitz

Position: FAV





FEBRUARY 23, 2023

# Prioritize Protecting, Low-Income Families, Benefits from Theft and Guarantee Timely Reimbursement for Victims

## Position Statement Supporting Senate Bill 401

*Submitted to the Senate Finance Committee*

A growing number of low-income Marylanders who rely on the Supplemental Nutritional Assistance Program (SNAP) to purchase food are reporting that funds are being stolen from the Electronic Benefit Transfer (EBT) cards they use to buy food. Most of these funds are stolen by criminals who use skimming devices, which they install in processing machines at stores, to clone data encoded on the cards. The theft of these funds can be devastating for families and individuals who are often left to choose between forgoing meals or cutting back drastically on what they can eat. To make matters worse, even when they report the theft and inform the Department of Human Services (DHS), they are told they cannot be reimbursed. **The Maryland Center on Economic Policy supports Senate Bill 401 because it will ensure that benefits are protected from theft and victims are promptly reimbursed.**

Between January and November 2022, there were 1,413 reported incidents of EBT fraud, a significant increase from just 137 incidents in 2021. By September of last year, about 360 Maryland households reported that their benefits had been stolen. The theft rising to more than a million dollars in stolen benefits in 2022 compared to just \$92,000 in reported losses the previous year. While this is a loss to the state, it's an even bigger loss for the victims who rely on those stolen funds as their main means to purchase food. They are left in distress having to choose between hunger or forgoing other basic necessities. When they report the theft to DHS, victims have been told that their stolen benefits cannot be restored, this at a time when they state has a record budget surplus. Even when they seek help from law enforcement, it can be a lengthy process, something families and individuals in need of immediate assistance cannot afford to be mired in.

SB 401 will require local department of social services to maintain a secure EBT card system that protects personal identifying information and benefits from unauthorized access, use and disclosure; monitor EBT card activity for suspicious or fraudulent activity on an ongoing basis; notify a household promptly of any suspicious card activity or if any personal identifying information is stolen or compromised; include an embedded microchip in all EBT cards issued on or after October 1, 2023; on or before October 1, 2023, require all retailers accepting EBT cards in the state to upgrade their pay systems to technology that allows the use of EBT cards with embedded microchips; and implement settings on EBT cards that would: send a household an immediate text alert after each EBT card transaction; allow a household to prohibit an electronic benefits

transfer card from being used during certain hours. The bill also entitles households to have their stolen benefits restored. If a local department is aware of a household's entitlement to the restoration of benefits, the local department would automatically restore the benefits without requiring further action from the household within two days of the household informing the local department of the loss or theft of benefits. SB 401 will prevent local departments from requiring a household to provide a police report as a condition of restoration of benefits; or limit the number of months in which a household can receive restoration of benefits lost due to theft. The bill also requires that the department collect and provide certain outlined data.

More than 800,000 Marylanders participate in SNAP, it is important to ensure that the benefits they, and other social safety net recipients, obtain are secure and safe from theft. When they are victims of theft, the state should take immediate steps to restore those stolen funds. This is not an issue that is unique to Maryland but Maryland as a state with nearly \$2 billion surplus can afford to restore stolen benefits. California, Michigan, Rhode Island, Wisconsin and Washington, DC, are states that are already using state funds to reimburse theft victims. Maryland should join them and also participate in the new federal mandate that allows states to use federal money to reimburse SNAP recipients whose benefits were stolen through electronic card fraud. The mandate requires states to replace EBT card benefits that were stolen after October 1, 2022 through September 2024.

At a time of high inflation, low-income Marylanders who rely on SNAP benefits to put food on the table, cannot afford to lose those benefits to criminals and then have no recourse when they seek reimbursement from the State. These funds are meant to help struggling individuals and families meet some of their basic needs, making sure they are secure not only benefits them but the state as well.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee make a favorable report on Senate Bill 401.**

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## **Equity Impact Analysis: Senate Bill 401**

### *Bill summary*

Senate Bill 401 ensures that the funds SNAP recipients receive are secure and safe from criminals. The Bill requires more protective measures be taken to secure EBT cards from skimming and other vulnerabilities to theft. It requires prompt reimbursement of stolen funds for victims.

### *Background*

Currently, an increasing number of Marylanders who receive SNAP benefits report that funds are being stolen from the EBT cards. Between January and November 2022, there were 1,413 reported incidents of EBT card fraud, a more than 900% surge from just 137 incidents in 2021. The theft cost more than a million dollars in losses last year, a significant increase from just \$92,000 in 2021. Victims when they report the theft of their benefits are told by DHS, they cannot be reimbursed <sup>1</sup>.

### *Equity Implications*

- Black and Latinx households are far more likely than white households to earn poverty-level wages and are therefore more likely to qualify for safety-net benefits. While state and federal safety-net benefits serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- Social safety nets also have a disproportionate positive impact in reducing poverty rates among households of color.<sup>2</sup>

### *Impact*

Senate Bill 401 would likely **improve racial and economic equity** in Maryland.

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<sup>1</sup> Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, analysis from 2021 American Community Survey, Public Use Microdata Sample (PUMS)

<sup>2</sup> Danilo Tirisi and Matt Saenz “Economic Security Programs Reduce Overall Poverty, Racial and Ethnic Inequities,” Center on Budget and Policy Priorities, Jul. 1, 2021. <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-reduce-overall-poverty-racial-and-ethnic>



# **NASW Maryland - 2023 SB 401 FAV - EBT Theft Respon**

Uploaded by: Mary Beth DeMartino

Position: FAV

**Senate Finance Committee**

**February 23, 2023**

**Senate Bill 401: Department of Human Services - Electronic Benefits Transfer Cards –  
Theft and Restoration of Benefits**

**\*\*\*SUPPORT\*\*\***

National Association of Social Workers, Maryland Chapter (NASW-MD) requests your support of SB 401 which will require the Department of Human Services (DHS) to replace benefits within two days of report of theft to victims, provides a clear dispute resolution process when they disagree with DHS's determination on reimbursement, and places affirmative responsibilities on DHS to reduce and prevent future theft of benefits.

NASW is the largest national organization of social workers representing over 120,000 social workers and over 16,000 of those are licensed here in the state of Maryland. The primary mission of the social work profession is to enhance human well-being and help meet the basic human needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. A historic and defining feature of social work is the profession's focus on individual well-being in a social context and the well-being of society. Fundamental to social work is attention to the environmental forces that create, contribute to, and address problems in living.

This bill will help Marylanders who have been victims of fraud and will help in the investigating and reimbursing any benefits that have been lost. We know that an Electronic Benefits Transfer card helps in providing for food and financial assistance to our most vulnerable citizens here in Maryland on a daily basis. Social Workers work every day with many citizens who rely heavily on this card for their benefits. Social workers have been and will continue to be on the forefront of these efforts. Social workers are trained to be sensitive to cultural and ethnic diversity and are committed to ending discrimination, oppression, poverty, and other forms of social injustice particularly with displaced populations.

NASW-MD urges you to support SB 401. Thank you for all you do to reach a stronger Maryland!

Mary Beth DeMartino, LCSW-C  
Executive Director, NASW-MD

**MD Catholic Conference\_FAV\_SB0401.pdf**

Uploaded by: MJ Kraska

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

February 23, 2023

SB 401

**Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)**

**Senate Finance Committee**

**Position: Favorable**

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 401 would require the Department of Human Services to reimburse a beneficiary for any benefits lost due to the fraudulent use of the beneficiary's Electronic Benefits Transfer card and require the State to give preference to certain vendors in the procurement process for electronic benefits distribution or administration; requiring the Department to establish a certain point of contact for investigating and identifying electronic benefits fraud.

Recently, social safety net fraud has skyrocketed within Maryland leaving our most vulnerable populations in need. The Conference strongly supports safeguards for poverty-reducing programs that protect vulnerable Marylanders. Senate Bill 401 seeks to support those who struggle to make ends meet by reimbursing stolen benefits to our most vulnerable populations in Maryland.

The Conference appreciates your consideration and, for these reasons, respectfully requests a **favorable** report on Senate Bill 401.