



**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