

Act No. 89  
Public Acts of 1998  
Approved by the Governor  
May 13, 1998  
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May 13, 1998  
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STATE OF MICHIGAN  
89TH LEGISLATURE  
REGULAR SESSION OF 1998

**Introduced by Senators McManus, Conroy, Gougeon, North, Bullard, Vaughn, V. Smith, Peters, A. Smith, DeBeaussaert, Young, Stallings, Byrum, Koivisto and Hart**

# **ENROLLED SENATE BILL No. 400**

AN ACT to amend 1984 PA 387, entitled "An act to establish a system for distributing food stamps; and to prescribe certain powers and duties of certain state agencies," by amending sections 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, 16, 18, 19, and 20 (MCL 400.753, 400.754, 400.755, 400.757, 400.758, 400.759, 400.760, 400.761, 400.762, 400.763, 400.765, 400.766, 400.768, 400.769, and 400.770).

*The People of the State of Michigan enact:*

Sec. 3. (1) "Applicant" means an individual, partnership, corporation, association, or political subdivision of this state that submits a bid for a contract.

(2) "Contract" means a written agreement between a distributor and the department of management and budget, under which the distributor issues coupons under certain conditions in exchange for compensation.

(3) "Coupon" means a coupon, stamp, or other type of certificate created under the food stamp program and redeemable for certain food.

(4) "Distribution area" means an area designated by the family independence agency within which a distributor is responsible for issuing coupons to recipients.

Sec. 4. (1) "Distribution site" means the establishment or portion of an establishment at which a distributor issues coupons to recipients.

(2) "Distributor" means an individual, partnership, corporation, or association that is awarded a contract; or a nonprofit organization, local office of the family independence agency, or political subdivision of this state which after the effective date of this act is designated as an agency that will distribute food coupons, and which is not distributing coupons on the effective date of this act. Distributor does not include a nonprofit organization, local office of the family independence agency, or political subdivision of this state which is designated to distribute coupons pursuant to section 8(2) and which on the effective date of this act is distributing food coupons.

(3) "Food stamp program" means the program created under the food stamp act of 1977, Public Law 88-525, 20 U.S.C. 2011 to 2012 and 2013 to 2036, and the regulations promulgated under that act.

(4) "Recipient" means an individual determined to be eligible to receive coupons.

Sec. 5. (1) Except as provided in subsection (3) or section 8(2), an individual, partnership, corporation, association, or political subdivision of this state shall not issue coupons to recipients without being awarded a contract under this act.

(2) As determined by the department of management and budget, a contract with a distributor shall be for a period of at least 1 year except as provided in this subsection. No contract shall exceed a period of 5 years. A contract with a distributor may be for a period of less than 1 year if it is awarded during a state fiscal year for a period which ends on the last day of the state fiscal year.

(3) The family independence agency may allow an individual, partnership, corporation, or association that issued coupons in a distribution area before the effective date of this act to continue to issue coupons until a distributor is selected for the distribution area and begins issuing coupons.

Sec. 7. (1) For each distribution area in this state, the department of management and budget shall issue requests for quotations, bid forms, and other printed information necessary for gathering bids and supporting information. The forms and printed information shall explain clearly the standards and criteria and procedures used for selecting distributors, the duties of a distributor, and the penalties and liabilities imposed on a distributor by this act.

(2) A bid form and supporting information required of an applicant shall be submitted by the applicant to the department of management and budget by sealed bid.

(3) An official or employee of the department of management and budget shall not solicit or accept a bid for any distribution area after the sealed bids for that distribution area have been opened. An officer or employee of the department of management and budget or the family independence agency shall not advise any applicant in a way that gives the applicant an advantage over another applicant.

Sec. 8. (1) After evaluating the qualifications of all applicants for a distributorship, the department of management and budget shall determine, for each distribution area, which applicant meets the standards and criteria established by the department, demonstrates the ability to satisfy the requirements of section 9(a) to (g), and has submitted the lowest bid for a distribution area. The department of management and budget may seek the technical input of the family independence agency in evaluating the qualifications of applicants.

(2) A nonprofit organization, a local office of the family independence agency, or a political subdivision of this state may be designated as the agency that will distribute coupons in an area without submitting a bid if the nonprofit organization, local office of the family independence agency, or political subdivision meets the requirements of section 9(a) and (b) and is distributing coupons on the effective date of this act.

(3) The department of management and budget shall supply the identities of the distributors selected to the family independence agency. The department of management and budget shall be the contracting agency for the state.

Sec. 9. A contract shall require a distributor to do or comply with not less than all of the following:

(a) Require fidelity bonds of those employees of the distributor who, according to standards established by the department of management and budget, are involved with the distribution of coupons.

(b) Maintain and supply proof of insurance against destruction, theft, and robbery in amounts adequate to cover loss of the maximum value of coupons that would be at the distribution site or under the control of the distributor at any time.

(c) Provide security measures at the distribution site that adequately protect recipients while on the distribution site.

(d) Demonstrate financial solvency sufficient to ensure continued operation during the contract period.

(e) With respect to all bids submitted after the effective date of this act, not maintain a financial or business relationship with, or share retail space or maintain adjoining retail space with, a retail food establishment.

(f) Be registered to do business in this state, if otherwise required by law.

(g) Make the distribution site accessible to persons with disabilities.

(h) Operate the distribution site in compliance with state and local health, building, or zoning ordinances.

(i) Make available to inspection by the family independence agency the distributor's coupon inventories and coupon inventory records.

Sec. 10. (1) The contract shall provide that the department of management and budget, on giving not less than 30 days' notice, may cancel a contract if the distributor fails to meet any requirement prescribed in section 9, except that any failure to comply with section 9(a) and (b) shall not require 30 days' notice before cancellation. The family independence agency shall inform the department of management and budget of any distributor that fails to meet any requirement prescribed in section 9.

(2) A distributor that receives notice of intent to cancel the distributor's contract may appeal the cancellation pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

Sec. 11. (1) Beginning April 1, 1985, in each county in which at least 1 private sector distributor distributes coupons, the first 2 Saturdays of each month shall be considered eligibility days for recipients, except that a Saturday that is a state or national holiday shall not be an eligibility day.

(2) As used in this section, "eligibility day" means a day on which recipients are entitled to receive coupons through on-line access to the central computer as determined by the family independence agency.

Sec. 12. The family independence agency may require a distributor to relocate its distribution site to another location within a distribution area, but the family independence agency shall pay the cost of the relocation.

Sec. 13. The family independence agency, within 15 days after the end of each month or receipt of the billing statement from the distributor, whichever is later, shall pay compensation to a distributor for coupons distributed during the month. The family independence agency may suspend payment of compensation to a distributor that cannot account for all coupons received for distribution during the preceding month.

Sec. 15. The family independence agency shall conduct a quarterly accounting of all coupons received from the United States department of agriculture, and shall report not later than December 31 of each year to the chairpersons of the senate and house appropriations committees on the number of coupons, if any, that cannot be accounted for and for which the state bears liability.

Sec. 16. A distributor is liable to the family independence agency for the value of all coupons lost while under the distributor's control.

Sec. 18. The family independence agency and the department of management and budget shall comply with the food stamp program in implementing this act.

Sec. 19. (1) The family independence agency shall explore the establishment of a mail issuance program for recipients who are disabled, elderly, would have to travel more than 1 hour each way to a food stamp distribution site, or are otherwise unable to travel to a distribution site.

(2) The family independence agency shall assist county family independence agencies in establishing an authorized representative system to assist recipients who are unable to travel to food stamp distribution sites. The family independence agency shall cooperate with local organizations in order to establish such a system.

(3) The family independence agency shall monitor the on-line issuance program to determine if recipients are not receiving food stamps because they are unable to travel to distribution sites. The family independence agency shall make recommendations to the legislature to improve the distribution program and make it more accessible to eligible recipients who are unable to travel to distribution sites.

Sec. 20. The family independence agency shall establish in each county participating in the on-line food stamp distribution program a monitoring committee consisting of representatives of the distributor, the county social service office, and food stamp recipients. Each committee shall:

- (a) Continually review the administration of the program and its impact on recipients;
- (b) Develop alternatives to reduce hardships and problems to recipients which may be created by the on-line issuance program;
- (c) Make recommendations and help develop and utilize community resources to provide round trip transportation for food stamp recipients when the distribution site is inaccessible to them;
- (d) Make recommendations regarding establishment of additional distribution sites;
- (e) Evaluate the authorized representative system and make recommendations for its improvement.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate.

*Harry R. ...*

Clerk of the House of Representatives.

Approved \_\_\_\_\_

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Governor.