



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 363 (as introduced 5-5-11)
Sponsor: Senator Steven Bieda
Committee: Families, Seniors, and Human Services

Date Completed: 6-29-11

CONTENT

The bill would amend the Social Welfare Act to do both of the following:

- **Prohibit a retailer from buying or selling food assistance benefits for cash or other items besides eligible food, and subject violators to a fine.**
- **Provide that a person would be ineligible for benefits, for a period determined by the Department of Human Services, if a court or administrative agency found that he or she intentionally sold food that was purchased with supplemental nutrition assistance program benefits.**

Specifically, a retailer or merchant could not buy or sell food assistance benefits for cash or other items besides eligible food. A retailer or merchant who violated this prohibition would be subject to a maximum fine of \$5,000 for each offense. The proposed prohibition would not preclude prosecution or other action under any other criminal or civil statute.

Subject to any requirements established in Federal statute, rule, or regulation, if a State or Federal court or administrative agency found in a hearing under the Act that a person intentionally sold any food that was purchased using supplemental nutrition assistance program benefits, the person would be ineligible for benefits for a period of time to be determined by the Department of Human Services.

Proposed MCL 400.14k & 400.14l

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Under Federal guidelines, states are responsible for recipient compliance with the Food Assistance Program (FAP) and the Federal government is responsible for investigating and sanctioning retailers. Authorization to enroll as a FAP retailer, compliance, and enforcement are all handled through the Food and Nutrition Service. Retailers are disqualified for noncompliance (administratively) or prosecuted for fraud and then disqualified.

Under current Department policy, people who are found to have used their Bridge cards and FAP benefits in a fraudulent way are sanctioned. Recipients involved in FAP trafficking (buying or selling food benefits for cash or consideration other than eligible food) over \$500 can face a lifetime disqualification when found guilty by a court or individual admission. Recipients are disqualified for one year, two years, or a lifetime. Therefore, the bill would not have a significant fiscal impact on the State.

The bill would have no fiscal impact on local units of government.

Fiscal Analyst: Frances Carley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.