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BILL



ANALYSIS

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Senate Bill 109 (Substitute S-1 as reported)  
Sponsor: Senator Rick Jones  
Committee: Families, Seniors, and Human Services

(as enrolled)

Date Completed: 3-16-11

### **RATIONALE**

Like other states, Michigan uses a debit card to deliver food benefits and cash benefits to public assistance recipients. The Department of Human Services (DHS) issues the Michigan Bridge Card, rather than paper food stamps or checks, to eligible individuals, and makes deposits to their accounts twice monthly. Recipients can use the card at a store point-of-sale machine to buy food with food or cash benefits; to buy nonfood items with cash benefits; to withdraw cash from cash benefits; or to get cash back with a purchase. Recipients also can withdraw cash benefits from automatic teller machines (ATMs) that accept the Bridge Card. According to the DHS website, approximately 4,400 retailers and over 4,000 ATMs are available for Bridge Card use within the State. According to the Michigan Gaming Control Board, 42 of these ATMs are located at the three casinos in Detroit. Evidently, a small number are at casinos on tribal land, as well.

In June 2010, news reports out of California revealed that some public assistance recipients in that state had used their debit card to obtain cash at casinos. According to the *Los Angeles Times*, between October 2009 and May 2010, recipients had withdrawn more than \$1.8 million in cash on casino floors with their debit cards. In response, Governor Schwarzenegger issued an executive order requiring the California Department of Social Services to take all necessary steps to ensure that recipients may not obtain cash benefits from ATMs in gambling establishments.

It has been suggested that Michigan should take similar action through legislation. Data regarding withdrawals at all of the Detroit casinos are not available, but the DHS

determined that public assistance recipients had used Michigan Bridge Cards to withdraw approximately \$87,000 from ATMs at the MotorCity Casino between July 2009 and July 2010. Many believe that safeguards should be in place to prevent this practice.

### **CONTENT**

The bill would amend the Social Welfare Act to require the Department of Human Services to work with providers of automatic teller machine services, to create and implement a program or method of blocking access to cash benefits from Michigan Bridge Cards at ATMs located in casinos or casino enterprises.

If the DHS required a Federal waiver to implement these provisions, the Department would have to apply for that waiver immediately upon the bill's enactment.

"Casino" and "casino enterprise" would mean those terms as defined in the Michigan Gaming Control and Revenue Act. (That Act defines "casino" as a building in which gaming is conducted. "Casino enterprise" means the buildings, facilities, or rooms functionally or physically connected to a casino, including any bar, restaurant, hotel, retail establishment, or arena or any other facility located in a city under the control of a casino licensee or affiliated company.)

Proposed MCL 400.57v

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

**Supporting Argument**

Cash benefits are available to meet the basic needs of public assistance recipients and their families. Since the assistance program is designed to teach individuals self-sufficiency and responsible money management, no restrictions are placed on the use of the cash. There is now evidence that recipients in Michigan are withdrawing cash benefits at casinos, and it is entirely possible that they are using the money to gamble. There is nothing in current law, however, to stop them from doing so.

The bill would help to prevent this practice by requiring the DHS to work with ATM providers to block access to cash benefits at casino ATMs. Indeed, at least one provider of ATMs in Michigan has informed the Department that it already is blocking the use of Bridge cards at casino ATMs. The legislation would help ensure that the benefits were used for legitimate purposes, such as feeding and clothing children. It also would send a message that Michigan is diligently protecting the taxpayer dollars that pay for public assistance.

**Response:** In order for the DHS to comply with the bill, it would need to get ATM identification codes from the financial institutions that own the machines, and then supply the codes to its vendor. While some representatives of the banking industry have indicated their willingness to cooperate, there is nothing in the bill compelling them to do so. In addition, some financial institutions rely on third party processors that add their own identification numbers, further complicating implementation of the bill.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

According to the Department of Human Services, the cost to implement a program that would block access to cash benefits at ATM casinos would be minimal. The actual cost would depend, in part, on the State's success in obtaining the information needed to correctly program the ATMs. The bill would have no fiscal impact on local governments.

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.