

HOUSE BILL 1434

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By: **Delegate R. Lewis**

Introduced and read first time: February 9, 2024

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Human Services – Electronic Benefits Transfer Cards –**
3 **Restoration of Benefits**

4 FOR the purpose of authorizing, rather than requiring, the Department of Human Services
5 to reimburse a beneficiary for any benefits lost due to the fraudulent use of the
6 beneficiary’s Electronic Benefits Transfer card and restore the benefits without
7 further action from the household; requiring the Department to reimburse a
8 beneficiary on or before a certain date for any benefits lost due to the fraudulent use
9 of the beneficiary’s Electronic Benefits Transfer card that occurred between certain
10 dates and requiring the beneficiary to submit a claim to the Department by a certain
11 date to be eligible for reimbursement; and generally relating to electronic benefits.

12 BY repealing and reenacting, with amendments,
13 Article – Human Services
14 Section 5–609 and 5–610
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2023 Supplement)

17 Preamble

18 WHEREAS, Maryland and the United States are experiencing widespread,
19 organized theft of state and federal public benefits from individuals and families; and

20 WHEREAS, Maryland is committed to protecting federal entitlements for
21 Marylanders stolen after January 1, 2021, and beyond; and

22 WHEREAS, Maryland is committed to reducing the risk of benefits being stolen from
23 Maryland individuals and families; and

24 WHEREAS, Both State and federal funds can be used to replace stolen benefits; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Federal resources for stolen SNAP benefit replacement are planned to
2 end on September 30, 2024; and

3 WHEREAS, The Department of Human Services can only restore benefits subject to
4 an appropriation for the purposes of an electronic benefit theft restoration; now, therefore,

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
6 That the Laws of Maryland read as follows:

7 **Article – Human Services**

8 5–609.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) (i) “Personal identifying information” has the meaning stated in §
11 8–301 of the Criminal Law Article.

12 (ii) “Personal identifying information” includes an Electronic
13 Benefits Transfer card number or personal identification number.

14 (3) “Skimming practices” includes:

15 (i) use of a skimming device, including a scanner, skimmer, reader,
16 or other electronic device used to access, read, scan, obtain, memorize, or store, temporarily
17 or permanently, personal identifying information; or

18 (ii) adding malicious code illegally to a website to capture Electronic
19 Benefits Transfer card data or personal identifying information.

20 (4) “Theft” includes:

21 (i) physical theft of an Electronic Benefits Transfer card;

22 (ii) identity fraud, as defined in § 8–301 of the Criminal Law Article;
23 and

24 (iii) theft through skimming practices.

25 (5) “Two–way fraud alert” means the capability of the Department to
26 communicate with households, and of households to communicate with the Department,
27 through text messaging regarding potential fraudulent use or theft of an Electronic
28 Benefits Transfer card.

29 (b) (1) If an investigation by the Department shows a household’s correctly
30 issued benefits were lost due to theft, the Department [automatically shall] **MAY, SUBJECT**

1 **TO § 5–610 OF THIS SUBTITLE**, restore the benefits without requiring further action from
2 the household.

3 (2) As soon as practicable, but not later than 10 days after a household
4 informs the Department of the loss of benefits due to theft, the Department shall:

5 (i) notify the household in writing of the Department’s decision as
6 to whether to restore benefits, the amount of benefits to be restored, and the right to and
7 method of requesting a hearing on the Department’s decision in accordance with subsection
8 (c) of this section;

9 (ii) if the Department determines that the household receives
10 benefits, restore benefits to the household in the amount of benefits that was lost; and

11 (iii) provide the household with a new Electronic Benefits Transfer
12 card.

13 (3) The Department may not:

14 (i) require a household to provide a police report as a condition of
15 restoration of benefits; or

16 (ii) limit the number of months in which a household can receive
17 restoration of benefits lost due to theft.

18 (c) (1) If a household disputes the amount of benefits restored or the
19 Department’s determination that no restoration is due, the household may request a
20 hearing with the Department within 90 days after the date of the Department’s
21 determination.

22 (2) If a household requests a hearing under this subsection, the
23 Department shall restore the benefits for which the household claims entitlement while the
24 hearing is pending.

25 (3) If the hearing decision is unfavorable to the household, any benefits
26 improperly restored under paragraph (2) of this subsection may be recovered by the
27 Department by reducing the household’s benefit at a rate that may not exceed the lesser of
28 \$10 or 5% of the household’s monthly allotment of benefits.

29 (d) In the procurement process for electronic benefits distribution or
30 administration, the State or State–aided or State–controlled entity shall give preference to
31 a vendor that:

32 (1) holds a form of insurance that can be used to reimburse a beneficiary
33 for identity fraud or theft; and

1 (2) provides identity access protections to protect an eligible beneficiary
2 against identity fraud and theft, which may include multifactor authentication.

3 (e) The Department shall coordinate with vendors to take available precautions
4 to reduce the vulnerability of Electronic Benefits Transfer cards to theft by utilizing
5 enhanced technology.

6 **(F) SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET, THE**
7 **DEPARTMENT MAY RESTORE BENEFITS TO A HOUSEHOLD DETERMINED UNDER**
8 **SUBSECTION (B) OF THIS SECTION TO BE ELIGIBLE FOR RESTORATION OF BENEFITS,**
9 **AS PROVIDED FOR BY AN APPROPRIATION FOR PURPOSES OF ELECTRONIC BENEFIT**
10 **THEFT RESTORATION.**

11 **[(f)] (G)** On or before December 1 each year, the Department, in consultation
12 with local law enforcement agencies in the State, shall report to the General Assembly, in
13 accordance with § 2-1257 of the State Government Article, on:

14 (1) the accessibility and security of Electronic Benefits Transfer cards;

15 (2) actions taken to reduce the fraudulent use of Electronic Benefits
16 Transfer cards;

17 (3) the number of Electronic Benefits Transfer cards reissued due to fraud
18 in the immediately preceding year;

19 (4) the number of households reporting theft of benefits, by jurisdiction and
20 program;

21 (5) the number of households eligible for expedited Supplemental
22 Nutrition Assistance Program benefits that reported loss of benefits due to theft, by
23 jurisdiction and program;

24 (6) the total dollar amount of benefits reported lost due to theft, by
25 jurisdiction and program;

26 (7) the number of determinations of theft made by the Department, by
27 jurisdiction;

28 (8) the number of determinations made by the Department that theft did
29 not occur, by jurisdiction;

30 (9) the number of households reimbursed for benefits lost due to theft and
31 the total dollar amount of benefits restored, by jurisdiction and program;

32 (10) the average and maximum length of time, in days, between the report
33 of theft and the restoration of benefits, by jurisdiction;

1 (11) the number of hearings requested and the number of households that
2 received a restoration of benefits as an outcome of a hearing, by jurisdiction; and

3 (12) demographic data on households that experienced theft, including race,
4 gender, number of households with children under the age of 18 years, and number of
5 households with a member at least 60 years old.

6 5–610.

7 (a) The Department [may] **SHALL**:

8 (1) restore benefits to any household that lost benefits due to theft that
9 occurred between January 1, 2021, and [October 1, 2022] **SEPTEMBER 30, 2024**, both
10 inclusive, provided that the Department confirms the household lost benefits due to theft
11 during that time period; and

12 (2) support innovative practices required to support beneficiaries during
13 the time period between the reporting of the loss of benefits due to theft and the restoration
14 of benefits.

15 (b) On or before [September 1, 2023] **DECEMBER 31, 2025**, the Department
16 shall issue benefits to households eligible to receive funds under subsection (a) of this
17 section.

18 **(C) ANY CLAIM FOR THE RESTORATION OF LOST BENEFITS DUE TO THEFT**
19 **THAT OCCURRED BETWEEN JANUARY 1, 2021, AND SEPTEMBER 30, 2024, BOTH**
20 **INCLUSIVE, SHALL BE SUBMITTED TO THE DEPARTMENT ON OR BEFORE**
21 **SEPTEMBER 30, 2025.**

22 **(D) ANY RESTORATION OF LOST BENEFITS REQUIRED UNDER THIS SECTION**
23 **IS SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2024.