



COLORADO DEPARTMENT OF REVENUE and COLORADO DEPARTMENT OF HUMAN SERVICES

FACTS SHEET

HB 15-1255 - Enforcement of the Prohibited Use of Electronic Benefits Transfer Cards at Certain Locations

Legislative Summary

HB 15-1255 requires that the departments of Revenue (DOR) and Human Services (CDHS) to adopt rules and report to referenced committees on the number of instances that a client accessed cash benefits through the electronic benefits transfer service (EBT) card at prohibited ATM locations. Cash benefits can be paid to customers on EBT cards. CDHS manages the following programs that distribute cash assistance to needy Coloradans:

- Temporary Assistance for Needy Families (TANF) – known as Colorado Works in Colorado.
- Adult Financial programs, including Old Age Pension (OAP) and the Aid to the Needy Disabled programs.
- Low-Income Energy Assistance program (LEAP). Prohibited locations include: limited gaming establishments, retail liquor establishments, retail marijuana stores, medical marijuana centers, in-state simulcast facilities and race tracks. Rules needed to be and were adopted by January 1, 2016. The reports will be made on January 1, 2016 and July 1, 2016, and every January 1 thereafter.

The reports should be made to the following committees:

- State, Veterans and Military Affairs (House, Senate).
- Health and Human Services (Senate).
- Public Health Care and Human Services (House); or any successor committees.

The rules adopted must include:

DOR

- Sign posting requirements and language.
- Measures taken by operators to prevent the use of ATMs by EBT clients at prohibited establishments.
- Methods to enforce requirements including increasing penalties for multiple violations not to exceed \$100.
- Exemption process for establishments that verify ATMs do not accept EBT cards.

CDHS

- Requiring that Colorado Works and Adult Financial programs recipients be counseled on prohibited locations and use.
- Monitoring EBT card transactions quarterly.
- Providing written warning to first-time violators that the card will be disabled.
- Withdrawing cash assistance on the card to repeat violators for one month on a second violation. The county will notify the customer of additional options for receiving his/her cash payment in the form of a check or direct deposit. The customer is notified of due process.



- Denying or discontinuing the cash benefit for one month, following due process, if misuse continues. The customer will be required to reapply for benefits.

Departmental Implementation Steps

- Worked closely to develop a process to identify affected DOR licensed establishments that allow prohibited EBT transactions at ATMs.
- Established working group to discuss rulemaking requirements outlined in HB 15-1255.
- Filed rulemaking notice, drafted rules and conducted permanent rulemaking hearing.
- DOR and CDHS adopted permanent rules that were effective January 1, 2016.
- CDHS has compiled reports and created guidance on the steps necessary to comply with rules.
- CDHS has included a bucksliip (mailer insert) when EBT cards are mailed to the customer that summarizes the EBT card prohibitions. The insert details those establishments where card use is restricted. CDHS provides information at the time of the public assistance eligibility interview and when the EBT card is distributed about locations that EBT cards can be used.
- All affected DOR divisions distributed industry bulletins to all their licensees outlining the requirements of HB 15-1255 and newly adopted rules involving prohibited EBT transactions.
- DOR issued a report to referenced legislative committees on prohibited EBT transactions at ATMs by affected licensed establishments prior to January 1, 2016.
- The Departments will continue to collaborate regularly identify licensed businesses that have prohibited EBT transactions at ATMs on their licensed premises.
- DOR divisions will continue to perform outreach and education with licensees and will take progressive enforcement action as appropriate to ensure compliance with statutory and rule requirements.
- Using information provided CDOR's Liquor, Marijuana, Racing and Gaming divisions, CDHS has compiled reports of prohibited EBT card use:

Conclusions

Using information provided CDOR's Liquor, Marijuana, Racing and Gaming divisions, CDHS has compiled reports of prohibited EBT card use:

- Between May 1, 2015 (when the law went into effect) and November 30, 2015, EBT cards were used at prohibited locations 10,115 times. This represents .811% of all EBT transactions, by 5,017 unique customers.
- Data indicated that repeated misuse is limited; 3,156 used their EBT card at a prohibited location in one month (62.91%). The violation locations were:

DOR Regulated Industry	Number of EBT card violations
Liquor	9,204
Racing	40
Marijuana	134
Gaming	737