

106<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 1733

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 2000

Referred to the Committee on Agriculture

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## AN ACT

To amend the Food Stamp Act of 1977 to provide for a national standard of interoperability and portability applicable to electronic food stamp benefit transactions.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Electronic Benefit  
5       Transfer Interoperability and Portability Act of 1999”.

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are—

3 (1) to protect the integrity of the food stamp  
4 program;

5 (2) to ensure cost-effective portability of food  
6 stamp benefits across State borders without impos-  
7 ing additional administrative expenses for special  
8 equipment to address problems relating to the port-  
9 ability;

10 (3) to enhance the flow of interstate commerce  
11 involving electronic transactions involving food  
12 stamp benefits under a uniform national standard of  
13 interoperability and portability; and

14 (4) to eliminate the inefficiencies resulting from  
15 a patchwork of State-administered systems and reg-  
16 ulations established to carry out the food stamp pro-  
17 gram

18 **SEC. 3. INTEROPERABILITY AND PORTABILITY OF FOOD**  
19 **STAMP TRANSACTIONS.**

20 Section 7 of the Food Stamp Act of 1977 (7 U.S.C.  
21 2016) is amended by adding at the end the following:

22 “(k) INTEROPERABILITY AND PORTABILITY OF ELEC-  
23 TRONIC BENEFIT TRANSFER TRANSACTIONS.—

24 “(1) DEFINITIONS.—In this subsection:

25 “(A) ELECTRONIC BENEFIT TRANSFER  
26 CARD.—The term ‘electronic benefit transfer

1 card' means a card that provides benefits under  
2 this Act through an electronic benefit transfer  
3 service (as defined in subsection (i)(11)(A)).

4 “(B) ELECTRONIC BENEFIT TRANSFER  
5 CONTRACT.—The term ‘electronic benefit trans-  
6 fer contract’ means a contract that provides for  
7 the issuance, use, or redemption of coupons in  
8 the form of electronic benefit transfer cards.

9 “(C) INTEROPERABILITY.—The term ‘inter-  
10 operability’ means a system that enables a cou-  
11 pon issued in the form of an electronic benefit  
12 transfer card to be redeemed in any State.

13 “(D) INTERSTATE TRANSACTION.—The  
14 term ‘interstate transaction’ means a trans-  
15 action that is initiated in 1 State by the use of  
16 an electronic benefit transfer card that is issued  
17 in another State.

18 “(E) PORTABILITY.—The term ‘port-  
19 ability’ means a system that enables a coupon  
20 issued in the form of an electronic benefit  
21 transfer card to be used in any State by a  
22 household to purchase food at a retail food  
23 store or wholesale food concern approved under  
24 this Act.

1           “(F) SETTling.—The term ‘settling’  
2 means movement, and reporting such move-  
3 ment, of funds from an electronic benefit trans-  
4 fer card issuer that is located in 1 State to a  
5 retail food store, or wholesale food concern, that  
6 is located in another State, to accomplish an  
7 interstate transaction.

8           “(G) SMART CARD.—The term ‘smart  
9 card’ means an intelligent benefit card de-  
10 scribed in section 17(f).

11           “(H) SWITCHING.—The term ‘switching’  
12 means the routing of an interstate transaction  
13 that consists of transmitting the details of a  
14 transaction electronically recorded through the  
15 use of an electronic benefit transfer card in 1  
16 State to the issuer of the card that is in an-  
17 other State.

18           “(2) REQUIREMENT.—Not later than October  
19 1, 2002, the Secretary shall ensure that systems  
20 that provide for the electronic issuance, use, and re-  
21 demption of coupons in the form of electronic benefit  
22 transfer cards are interoperable, and food stamp  
23 benefits are portable, among all States.

24           “(3) COST.—The cost of achieving the inter-  
25 operability and portability required under paragraph

1 (2) shall not be imposed on any food stamp retail  
2 store, or any wholesale food concern, approved to  
3 participate in the food stamp program.

4 “(4) STANDARDS.—Not later than 210 days  
5 after the date of enactment of this subsection, the  
6 Secretary shall promulgate regulations that—

7 “(A) adopt a uniform national standard of  
8 interoperability and portability required under  
9 paragraph (2) that is based on the standard of  
10 interoperability and portability used by a major-  
11 ity of State agencies; and

12 “(B) require that any electronic benefit  
13 transfer contract that is entered into 30 days or  
14 more after the regulations are promulgated, by  
15 or on behalf of a State agency, provide for the  
16 interoperability and portability required under  
17 paragraph (2) in accordance with the national  
18 standard.

19 “(5) EXEMPTIONS—

20 “(A) CONTRACTS.—The requirements of  
21 paragraph (2) shall not apply to the transfer of  
22 benefits under an electronic benefit transfer  
23 contract before the expiration of the term of the  
24 contract if the contract—

1           “(i) is entered into before the date  
2           that is 30 days after the regulations are  
3           promulgated under paragraph (4); and

4           “(ii) expires after October 1, 2002.

5           “(B) WAIVER.—At the request of a State  
6           agency, the Secretary may provide 1 waiver to  
7           temporarily exempt, for a period ending on or  
8           before the date specified under clause (iii), the  
9           State agency from complying with the require-  
10          ments of paragraph (2), if the State agency—

11           “(i) establishes to the satisfaction of  
12          the Secretary that the State agency faces  
13          unusual technological barriers to achieving  
14          by October 1, 2002, the interoperability  
15          and portability required under paragraph  
16          (2);

17           “(ii) demonstrates that the best inter-  
18          est of the food stamp program would be  
19          served by granting the waiver with respect  
20          to the electronic benefit transfer system  
21          used by the State agency to administer the  
22          food stamp program; and

23           “(iii) specifies a date by which the  
24          State agency will achieve the interoper-

1 ability and portability required under para-  
2 graph (2).

3 “(C) SMART CARD SYSTEMS.—The Sec-  
4 retary shall allow a State agency that is using  
5 smart cards for the delivery of food stamp pro-  
6 gram benefits to comply with the requirements  
7 of paragraph (2) at such time after October 1,  
8 2002, as the Secretary determines that a prac-  
9 ticable technological method is available for  
10 interoperability with electronic benefit transfer  
11 cards.

12 “(6) FUNDING.—

13 “(A) IN GENERAL.—In accordance with  
14 regulations promulgated by the Secretary, the  
15 Secretary shall pay 100 percent of the costs in-  
16 curred by a State agency under this Act for  
17 switching and settling interstate transactions—

18 “(i) incurred after the date of enact-  
19 ment of this subsection and before October  
20 1, 2002, if the State agency uses the  
21 standard of interoperability and portability  
22 adopted by a majority of State agencies;  
23 and

24 “(ii) incurred after September 30,  
25 2002, if the State agency uses the uniform

1 national standard of interoperability and  
 2 portability adopted under paragraph  
 3 (4)(A).

4 “(B) LIMITATION.—The total amount paid  
 5 to State agencies for each fiscal year under sub-  
 6 paragraph (A) shall not exceed \$500,000.”.

7 **SEC. 4. STUDY OF ALTERNATIVES FOR HANDLING ELEC-**  
 8 **TRONIC BENEFIT TRANSACTIONS INVOLVING**  
 9 **FOOD STAMP BENEFITS.**

10 Not later than 1 year after the date of enactment  
 11 of this Act, the Secretary of Agriculture shall study and  
 12 report to the Committee on Agriculture of the House of  
 13 Representatives and the Committee on Agriculture, Nutri-  
 14 tion, and Forestry of the Senate on alternatives for han-  
 15 dling interstate electronic benefit transactions involving  
 16 food stamp benefits provided under the Food Stamp Act  
 17 of 1977 (7 U.S.C. 2011 et seq.), including the feasibility  
 18 and desirability of a single hub for switching (as defined  
 19 in section 7(k)(1) of that Act (as added by section 3)).

Passed the Senate November 19, 1999.

Attest:

GARY SISCO,  
*Secretary.*