

106TH CONGRESS  
1ST SESSION

# S. 1733

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.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 14, 1999

Mr. FITZGERALD (for himself, Mr. LEAHY, Mr. LUGAR, Mr. HARKIN, and Mr. CRAIG) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

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”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are—

8 (1) to protect the integrity of the food stamp  
9 program;

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

6           (3) to enhance the flow of interstate commerce  
7 involving electronic transactions involving food  
8 stamp benefits under a uniform national standard of  
9 interoperability and portability; and

10          (4) to eliminate the inefficiencies resulting from  
11 a patchwork of State-administered systems and reg-  
12 ulations established to carry out the food stamp pro-  
13 gram

14 **SEC. 3. INTEROPERABILITY AND PORTABILITY OF FOOD**  
15 **STAMP TRANSACTIONS.**

16          Section 7 of the Food Stamp Act of 1977 (7 U.S.C.  
17 2016) is amended by adding at the end the following:

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

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

21                   “(A) ELECTRONIC BENEFIT TRANSFER  
22 CARD.—The term ‘electronic benefit transfer  
23 card’ means a card that provides benefits under  
24 this Act through an electronic benefit transfer  
25 service (as defined in subsection (i)(11)(A)).

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

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

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

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

22          “(F) SETTLING.—The term ‘settling’  
23 means movement, and reporting such move-  
24 ment, of funds from an electronic benefit trans-  
25 fer card issuer that is located in 1 State to a

1 retail food store, or wholesale food concern, that  
2 is located in another State, to accomplish an  
3 interstate transaction.

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

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

14 “(2) REQUIREMENT.—Not later than October  
15 1, 2002, the Secretary shall ensure that systems  
16 that provide for the electronic issuance, use, and re-  
17 demption of coupons in the form of electronic benefit  
18 transfer cards are interoperable, and food stamp  
19 benefits are portable, among all States.

20 “(3) COST.—The cost of achieving the inter-  
21 operability and portability required under paragraph  
22 (2) shall not be imposed on any food stamp retail  
23 store, or any wholesale food concern, approved to  
24 participate in the food stamp program.

1           “(4) STANDARDS.—Not later than 120 days  
2 after the date of enactment of this subsection, the  
3 Secretary shall promulgate regulations that—

4           “(A) adopt a uniform national standard of  
5 interoperability and portability required under  
6 paragraph (2) that is based on the standard of  
7 interoperability and portability used by a major-  
8 ity of State agencies.

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

16           “(5) EXEMPTIONS—

17           “(A) WAIVER.—At the request of a State  
18 agency, the Secretary may provide 1 waiver to  
19 temporarily exempt, for a period ending on or  
20 before the date specified under clause (iii), the  
21 State agency from complying with the require-  
22 ments of paragraph (2), if the State agency—

23           “(i) establishes to the satisfaction of  
24 the Secretary that the State agency faces  
25 unusual technological barriers to achieving

1 by October 1, 2002, the interoperability  
2 and portability required under paragraph  
3 (2);

4 “(ii) demonstrates that the best inter-  
5 est of food stamp benefit households and  
6 of the food stamp program would be served  
7 by granting the waiver with respect to the  
8 electronic benefit transfer system used by  
9 the State agency to administer the food  
10 stamp program; and

11 “(iii) specifies a date by which the  
12 State agency will achieve the interoper-  
13 ability and portability required under para-  
14 graph (2).

15 “(B) SMART CARD SYSTEMS.—The Sec-  
16 retary shall allow a State agency that is using  
17 smart cards for the delivery of food stamp pro-  
18 gram benefits to comply with the requirements  
19 of paragraph (2) at such time after October 1,  
20 2002, as the Secretary determines that a prac-  
21 ticable technological method is available for  
22 interoperability with electronic benefit transfer  
23 cards.

24 “(6) FUNDING.—

1           “(A) IN GENERAL.—In accordance with  
2 regulations promulgated by the Secretary, the  
3 Secretary shall pay 100 percent of the costs in-  
4 curred by a State agency under this Act for  
5 switching and settling interstate transactions—

6           “(i) incurred after the date of enact-  
7 ment of this subsection and before October  
8 1, 2002, if the State agency uses the  
9 standard of interoperability and portability  
10 adopted by a majority of State agencies;  
11 and

12           “(ii) incurred after September 30,  
13 2002, if the State agency uses the uniform  
14 national standard of interoperability and  
15 portability adopted under paragraph  
16 (4)(A).

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

20 **SEC. 4. STUDY OF ALTERNATIVES FOR HANDLING ELEC-**  
21 **TRONIC BENEFIT TRANSACTIONS INVOLVING**  
22 **FOOD STAMP BENEFITS.**

23           Not later than 1 year after the date of enactment  
24 of this Act, the Secretary of Agriculture shall study and  
25 report to the Committee on Agriculture of the House of

1 Representatives and the Committee on Agriculture, Nutri-  
2 tion, and Forestry of the Senate on alternatives for han-  
3 dling interstate electronic benefit transactions involving  
4 food stamp benefits provided under the Food Stamp Act  
5 of 1977 (7 U.S.C. 2011 et seq.), including the feasibility  
6 and desirability of a single hub for switching (as defined  
7 in section 7(k)(1) of that Act (as added by section 3)).

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