

lication of implementing regulations to be promulgated not later than Oct. 1, 1991, see section 1781(a) of Pub. L. 101-624, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by sections 202(b), (c) and 404(a)(2)-(4), (b), (d) of Pub. L. 100-435 to be effective and implemented on Oct. 1, 1988, and amendment by section 404(a)(1), (c) of Pub. L. 100-435 to be effective and implemented on July 1, 1989, except that amendment by section 404 of Pub. L. 100-435 to become effective and implemented on Oct. 1, 1989, if final order is issued under section 902(b) of Title 2, The Congress, for fiscal year 1989 making reductions and sequestrations specified in the report required under section 901(a)(3)(A) of Title 2, see section 701(a), (b)(4), (c)(2) of Pub. L. 100-435, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-253 effective Sept. 8, 1982, see section 193(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1981 AMENDMENTS

Amendment by Pub. L. 97-35, except section 108(c) of Pub. L. 97-35 (which amended this section), effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title, see section 192(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title. See section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

Amendments by Pub. L. 97-35, except for amendment made by section 108(c) of Pub. L. 97-35, effective and implemented upon such dates as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title.

Pub. L. 97-35, title I, §108(c), Aug. 13, 1981, 95 Stat. 361, provided that the amendment made by section 108(c) is effective Oct. 1, 1983.

EFFECTIVE DATE OF 1979 AMENDMENT

Secretary of Agriculture to issue final regulations implementing the amendment of subsec. (b) of this section by Pub. L. 96-58 within 150 days after Aug. 14, 1979, see section 10(b) of Pub. L. 96-58, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 958, provided that the amendment made by section 1301 is effective Oct. 1, 1977.

REGULATIONS

Pub. L. 105-33, title I, §1005(a), Aug. 5, 1997, 111 Stat. 257, provided that: "Not later than 1 year after the date of enactment of this Act [Aug. 5, 1997], the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendments made by this title [amending this section and sections 2020 and 2025 of this title]."

ABOLITION OF IMMIGRATION AND NATURALIZATION SERVICE AND TRANSFER OF FUNCTIONS

For abolition of Immigration and Naturalization Service, transfer of functions, and treatment of related references, see note set out under section 1551 of Title 8, Aliens and Nationality.

TRANSITION PROVISION FOR WORK REQUIREMENT

Pub. L. 104-193, title VIII, §824(b), Aug. 22, 1996, 110 Stat. 2324, provided that: "The term 'preceding 36-month period' in section 6(o) of the Food Stamp Act of 1977 [now the Food and Nutrition Act of 2008, 7 U.S.C. 2015(o)], as added by subsection (a), does not include, with respect to a State, any period before the earlier of—

- "(1) the date the State notifies recipients of food stamp benefits of the application of section 6(o); or
- "(2) the date that is 3 months after the date of enactment of this Act [Aug. 22, 1996]."

EXEMPTION FROM MONTHLY REPORTING SYSTEMS FOR HOUSEHOLDS RESIDING ON INDIAN RESERVATIONS

Pub. L. 102-237, title IX, §908(a)(2), Dec. 13, 1991, 105 Stat. 1886, as amended by Pub. L. 103-11, §1, Apr. 1, 1993, 107 Stat. 41; Pub. L. 103-205, §1, Dec. 17, 1993, 107 Stat. 2418, provided that no State agency be required to exempt households residing on Indian reservations from food stamp program monthly reporting systems until Mar. 15, 1994, and directed Secretary of Agriculture to issue final regulations requiring exemption of households residing on Indian reservations from food stamp program monthly reporting systems no later than Dec. 1, 1992, prior to repeal by Pub. L. 103-225, title I, §104(a), Mar. 25, 1994, 108 Stat. 107.

MANDATORY MONTHLY REPORTING-RETROSPECTIVE BUDGETING FOR FOOD STAMP PROGRAM; PROHIBITION

Pub. L. 98-107, §101(b), Oct. 1, 1983, 97 Stat. 735, provided in part that no part of any of the funds appropriated or otherwise made available by Pub. L. 98-107 or any other Act could be used to implement mandatory monthly reporting-retrospective budgeting for the food stamp program during the first three months of the fiscal year ending Sept. 30, 1984.

§ 2016. Issuance and use of program benefits

(a) In general

Except as provided in subsection (i), EBT cards shall be issued only to households which have been duly certified as eligible to participate in the supplemental nutrition assistance program.

(b) Use

Benefits issued to eligible households shall be used by them only to purchase food from retail food stores which have been approved for participation in the supplemental nutrition assistance program at prices prevailing in such stores: *Provided*, That nothing in this chapter shall be construed as authorizing the Secretary to specify the prices at which food may be sold by wholesale food concerns or retail food stores.

(c) Design

(1) In general

EBT cards issued to eligible households shall be simple in design and shall include only such words or illustrations as are required to explain their purpose.

(2) Prohibition

The name of any public official shall not appear on any EBT card.

(d) Delivery and control procedures

The Secretary shall prescribe appropriate procedures for the delivery of benefits to benefit issuers and for the subsequent controls to be placed over such benefits by benefit issuers in order to ensure adequate accountability.

(e) State issuance liability

Notwithstanding any other provision of this chapter, the State agency shall be strictly liable

to the Secretary for any financial losses involved in the acceptance, storage and issuance of benefits, except that in the case of losses resulting from the issuance and replacement of authorizations for benefits which are sent through the mail, the State agency shall be liable to the Secretary to the extent prescribed in the regulations promulgated by the Secretary.

(f) Alternative benefit delivery

(1) In general

If the Secretary determines, in consultation with the Inspector General of the Department of Agriculture, that it would improve the integrity of the supplemental nutrition assistance program, the Secretary shall require a State agency to issue or deliver benefits using alternative methods.

(2) Imposition of costs

(A) In general

Except as provided in subparagraph (B), the Secretary shall require participating retail food stores (including restaurants participating in a State option restaurant program intended to serve the elderly, disabled, and homeless) to pay 100 percent of the costs of acquiring, and arrange for the implementation of, electronic benefit transfer point-of-sale equipment and supplies, including related services.

(B) Exemptions

The Secretary may exempt from subparagraph (A)—

(i) farmers' markets and other direct-to-consumer markets, military commissaries, nonprofit food buying cooperatives, and establishments, organizations, programs, or group living arrangements described in paragraphs (5), (7), and (8) of section 2012(k) of this title; and

(ii) establishments described in paragraphs (3), (4), and (9) of section 2012(k) of this title, other than restaurants participating in a State option restaurant program.

(C) Interchange fees

Nothing in this paragraph permits the charging of fees relating to the redemption of supplemental nutrition assistance program benefits, in accordance with subsection (h)(13).

(3) Devaluation and termination of issuance of paper coupons

(A) Coupon issuance

Effective on the date of enactment of the Food, Conservation, and Energy Act of 2008, no State shall issue any coupon, stamp, certificate, or authorization card to a household that receives supplemental nutrition assistance under this chapter.

(B) EBT cards

Effective beginning on the date that is 1 year after the date of enactment of the Food, Conservation, and Energy Act of 2008, only an EBT card issued under subsection (i) shall be eligible for exchange at any retail food store.

(C) De-obligation of coupons

Coupons not redeemed during the 1-year period beginning on the date of enactment of the Food, Conservation, and Energy Act of 2008 shall—

- (i) no longer be an obligation of the Federal Government; and
- (ii) not be redeemable.

(4) Termination of manual vouchers

(A) In general

Effective beginning on February 7, 2014, except as provided in subparagraph (B), no State shall issue manual vouchers to a household that receives supplemental nutrition assistance under this chapter or allow retail food stores to accept manual vouchers as payment, unless the Secretary determines that the manual vouchers are necessary, such as in the event of an electronic benefit transfer system failure or a disaster situation.

(B) Exemptions

The Secretary may exempt categories of retail food stores or individual retail food stores from subparagraph (A) based on criteria established by the Secretary.

(5) Unique identification number required

(A) In general

To enhance the anti-fraud protections of the program, the Secretary shall require all parties providing electronic benefit transfer services to provide for and maintain unique terminal identification number information through the supplemental nutrition assistance program electronic benefit transfer transaction routing system.

(B) Regulations

(i) In general

Not earlier than 2 years after February 7, 2014, the Secretary shall issue proposed regulations to carry out this paragraph.

(ii) Commercial practices

In issuing regulations to carry out this paragraph, the Secretary shall consider existing commercial practices for other point-of-sale debit transactions.

(g) Staggered issuance procedures

(1) The State agency may establish a procedure for staggering the issuance of benefits to eligible households throughout the month. Upon the request of the tribal organization that exercises governmental jurisdiction over the reservation, the State agency shall stagger the issuance of benefits for eligible households located on reservations for at least 15 days of a month.

(2) REQUIREMENTS.—

(A) IN GENERAL.—Any procedure established under paragraph (1) shall—

- (i) not reduce the allotment of any household for any period; and
- (ii) ensure that no household experiences an interval between issuances of more than 40 days.

(B) MULTIPLE ISSUANCES.—The procedure may include issuing benefits to a household in

more than 1 issuance during a month only when a benefit correction is necessary.

(h) Electronic benefit transfers

(1) IN GENERAL.—

(A) IMPLEMENTATION.—Not later than October 1, 2002, each State agency shall implement an electronic benefit transfer system under which household benefits determined under section 2017(a) or 2035 of this title are issued from and stored in a central databank, unless the Secretary provides a waiver for a State agency that faces unusual barriers to implementing an electronic benefit transfer system.

(B) TIMELY IMPLEMENTATION.—Each State agency is encouraged to implement an electronic benefit transfer system under subparagraph (A) as soon as practicable.

(C) STATE FLEXIBILITY.—Subject to paragraph (2), a State agency may procure and implement an electronic benefit transfer system under the terms, conditions, and design that the State agency considers appropriate.

(D) OPERATION.—An electronic benefit transfer system should take into account generally accepted standard operating rules based on—

- (i) commercial electronic funds transfer technology;
- (ii) the need to permit interstate operation and law enforcement monitoring; and
- (iii) the need to permit monitoring and investigations by authorized law enforcement agencies.

(2) The Secretary shall issue final regulations that establish standards for the approval of such a system. The standards shall include—

(A) defining the required level of recipient protection regarding privacy, ease of use, and access to and service in retail food stores;

(B) the terms and conditions of participation by retail food stores, financial institutions, and other appropriate parties;

(C)(i) measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse; and

(ii) unless determined by the Secretary to be located in an area with significantly limited access to food, measures that require an electronic benefit transfer system—

(I) to set and enforce sales restrictions based on benefit transfer payment eligibility by using scanning or product lookup entry; and

(II) to deny benefit tenders for manually entered sales of ineligible items.

(D) system transaction interchange, reliability, and processing speeds;

(E) financial accountability;

(F) the required testing of system operations prior to implementation;

(G) the analysis of the results of system implementation in a limited project area prior to expansion; and

(H) procurement standards.

(3) In the case of a system described in paragraph (1) in which participation is not optional

for households, the Secretary shall not approve such a system unless—

(A) a sufficient number of eligible retail food stores, including those stores able to serve minority language populations, have agreed to participate in the system throughout the area in which it will operate to ensure that eligible households will not suffer a significant reduction in their choice of retail food stores or a significant increase in the cost of food or transportation to participating food stores; and

(B) any special equipment necessary to allow households to purchase food with the benefits issued under this chapter is operational at a sufficient number of registers to provide service that is comparable to service provided individuals who are not members of households receiving supplemental nutrition assistance program benefits, as determined by the Secretary.

(4) Administrative costs incurred in connection with activities under this subsection shall be eligible for reimbursement in accordance with section 2025 of this title, subject to the limitations in section 2025(g) of this title.

(5) The Secretary shall periodically inform State agencies of the advantages of using electronic benefit systems to issue benefits in accordance with this subsection in lieu of issuing coupons to households.

(6) This subsection shall not diminish the authority of the Secretary to conduct projects to test automated or electronic benefit delivery systems under section 2026(f) of this title.

(7) REPLACEMENT OF BENEFITS.—Regulations issued by the Secretary regarding the replacement of benefits and liability for replacement of benefits under an electronic benefit transfer system shall be similar to the regulations in effect for a paper-based supplemental nutrition assistance issuance system.

(8) REPLACEMENT OF CARDS.—

(A) FEES.—A State agency may collect a charge for replacement of an electronic benefit transfer card by reducing the monthly allotment of the household receiving the replacement card.

(B) PURPOSEFUL LOSS OF CARDS.—

(i) IN GENERAL.—Subject to terms and conditions established by the Secretary in accordance with clause (ii), if a household makes excessive requests for replacement of the electronic benefit transfer card of the household, the Secretary may require a State agency to decline to issue a replacement card to the household unless the household, upon request of the State agency, provides an explanation for the loss of the card.

(ii) REQUIREMENTS.—The terms and conditions established by the Secretary shall provide that—

(I) the household be given the opportunity to provide the requested explanation and meet the requirements under this paragraph promptly;

(II) after an excessive number of lost cards, the head of the household shall be required to review program rights and responsibilities with State agency personnel

authorized to make determinations under section 2014(a) of this title; and

(III) any action taken, including actions required under section 2015(b)(2) of this title, other than the withholding of the electronic benefit transfer card until an explanation described in subclause (I) is provided, shall be consistent with the due process protections under section 2015(b) or 2020(e)(10) of this title, as appropriate.

(C) PROTECTING VULNERABLE PERSONS.—In implementing this paragraph, a State agency shall act to protect homeless persons, persons with disabilities, victims of crimes, and other vulnerable persons who lose electronic benefit transfer cards but are not intentionally committing fraud.

(D) EFFECT ON ELIGIBILITY.—While a State may decline to issue an electronic benefits transfer card until a household satisfies the requirements under this paragraph, nothing in this paragraph shall be considered a denial of, or limitation on, the eligibility for benefits under section 2014 of this title.

(9) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.

(10) FEDERAL LAW NOT APPLICABLE.—Section 1693o-2 of title 15 shall not apply to electronic benefit transfer or reimbursement systems under this chapter.

(11) APPLICATION OF ANTI-TYING RESTRICTIONS TO ELECTRONIC BENEFIT TRANSFER SYSTEMS.—

(A) DEFINITIONS.—In this paragraph:

(i) AFFILIATE.—The term “affiliate” has the meaning provided the term in section 1841(k) of title 12.

(ii) COMPANY.—The term “company” has the meaning provided the term in section 1971 of title 12, but shall not include a bank, a bank holding company, or any subsidiary of a bank holding company.

(iii) ELECTRONIC BENEFIT TRANSFER SERVICE.—The term “electronic benefit transfer service” means the processing of electronic transfers of household benefits, determined under section 2017(a) or 2035 of this title, if the benefits are—

(I) issued from and stored in a central databank;

(II) electronically accessed by household members at the point of sale; and

(III) provided by a Federal or State government.

(iv) POINT-OF-SALE SERVICE.—The term “point-of-sale service” means any product or service related to the electronic authorization and processing of payments for merchandise at a retail food store, including credit or debit card services, automated tell-

er machines, point-of-sale terminals, or access to on-line systems.

(B) RESTRICTIONS.—A company may not sell or provide electronic benefit transfer services, or fix or vary the consideration for electronic benefit transfer services, on the condition or requirement that the customer—

(i) obtain some additional point-of-sale service from the company or an affiliate of the company; or

(ii) not obtain some additional point-of-sale service from a competitor of the company or competitor of any affiliate of the company.

(C) CONSULTATION WITH THE FEDERAL RESERVE BOARD.—Before promulgating regulations or interpretations of regulations to carry out this paragraph, the Secretary shall consult with the Board of Governors of the Federal Reserve System.

(12) RECOVERING ELECTRONIC BENEFITS.—

(A) IN GENERAL.—A State agency shall establish a procedure for recovering electronic benefits from the account of a household due to inactivity.

(B) BENEFIT STORAGE.—A State agency may store recovered electronic benefits off-line in accordance with subparagraph (D), if the household has not accessed the account after 6 months.

(C) BENEFIT EXPUNGING.—A State agency shall expunge benefits that have not been accessed by a household after a period of 12 months.

(D) NOTICE.—A State agency shall—

(i) send notice to a household the benefits of which are stored under subparagraph (B); and

(ii) not later than 48 hours after request by the household, make the stored benefits available to the household.

(13) INTERCHANGE FEES.—No interchange fees shall apply to electronic benefit transfer transactions under this subsection.

(14) MOBILE TECHNOLOGIES.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall approve retail food stores to redeem benefits through electronic means other than wired point of sale devices for electronic benefit transfer transactions, if the retail food stores—

(i) establish recipient protections regarding privacy, ease of use, access, and support similar to the protections provided for transactions made in retail food stores;

(ii) bear the costs of obtaining, installing, and maintaining mobile technologies, including mechanisms needed to process EBT cards and transaction fees;

(iii) demonstrate the foods purchased with benefits issued under this section through mobile technologies are purchased at a price not higher than the price of the same food purchased by other methods used by the retail food store, as determined by the Secretary;

(iv) provide adequate documentation for each authorized transaction, as determined by the Secretary; and

(v) meet other criteria as established by the Secretary.

(B) DEMONSTRATION PROJECT ON ACCEPTANCE OF BENEFITS OF MOBILE TRANSACTIONS.—

(i) **IN GENERAL.**—Before authorizing implementation of subparagraph (A) in all States, the Secretary shall pilot the use of mobile technologies determined by the Secretary to be appropriate to test the feasibility and implications for program integrity, by allowing retail food stores to accept benefits from recipients of supplemental nutrition assistance through mobile transactions.

(ii) **DEMONSTRATION PROJECTS.**—To be eligible to participate in a demonstration project under clause (i), a retail food store shall submit to the Secretary for approval a plan that includes—

(I) a description of the technology;
(II) the manner by which the retail food store will provide proof of the transaction to households;

(III) the provision of data to the Secretary, consistent with requirements established by the Secretary, in a manner that allows the Secretary to evaluate the impact of the demonstration on participant access, ease of use, and program integrity; and

(IV) such other criteria as the Secretary may require.

(iii) **DATE OF COMPLETION.**—The demonstration projects under this subparagraph shall be completed and final reports submitted to the Secretary by not later than July 1, 2016.

(C) REPORT TO CONGRESS.—The Secretary shall—

(i) by not later than January 1, 2017, authorize implementation of subparagraph (A) in all States, unless the Secretary makes a finding, based on the data provided under subparagraph (B), that implementation in all States is not in the best interest of the supplemental nutrition assistance program; and

(ii) if the determination made in clause (i) is not to implement subparagraph (A) in all States, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes the basis of the finding.

(i) State option to issue benefits to certain individuals made ineligible by welfare reform

(1) In general

Notwithstanding any other provision of law, a State agency may, with the approval of the Secretary, issue benefits under this chapter to an individual who is ineligible to participate in the supplemental nutrition assistance program solely as a result of section 2015(o)(2) of this title or section 1612 or 1613 of title 8.

(2) State payments to Secretary

(A) In general

Not later than the date the State agency issues benefits to individuals under this subsection, the State agency shall pay the Secretary, in accordance with procedures estab-

lished by the Secretary, an amount that is equal to—

- (i) the value of the benefits; and
- (ii) the costs of issuing and redeeming benefits, and other Federal costs, incurred in providing the benefits, as determined by the Secretary.

(B) Crediting

Notwithstanding section 3302(b) of title 31, payments received under subparagraph (A) shall be credited to the supplemental nutrition assistance program appropriation account or the account from which the costs were drawn, as appropriate, for the fiscal year in which the payment is received.

(3) Reporting

To be eligible to issue benefits under this subsection, a State agency shall comply with reporting requirements established by the Secretary to carry out this subsection.

(4) Plan

To be eligible to issue benefits under this subsection, a State agency shall—

(A) submit a plan to the Secretary that describes the conditions and procedures under which the benefits will be issued, including eligibility standards, benefit levels, and the methodology the State agency will use to determine amounts due the Secretary under paragraph (2); and

(B) obtain the approval of the Secretary for the plan.

(5) Violations

A sanction, disqualification, fine, or other penalty prescribed under Federal law (including sections 2021 and 2024 of this title) shall apply to a violation committed in connection with a benefit issued under this subsection.

(6) Ineligibility for administrative reimbursement

Administrative and other costs incurred in issuing a benefit under this subsection shall not be eligible for Federal funding under this chapter.

(7) Exclusion from enhanced payment accuracy systems

Section 2025(c) of this title shall not apply to benefits issued under this subsection.

(j) Interoperability and portability of electronic benefit transfer transactions

(1) Definitions

In this subsection:

(A) Electronic benefit transfer card

The term “electronic benefit transfer card” means a card that provides benefits under this chapter through an electronic benefit transfer service (as defined in subsection (h)(11)(A)).

(B) Electronic benefit transfer contract

The term “electronic benefit transfer contract” means a contract that provides for the issuance, use, or redemption of program benefits in the form of electronic benefit transfer cards.

(C) Interoperability

The term “interoperability” means a system that enables program benefits in the

form of an electronic benefit transfer card to be redeemed in any State.

(D) Interstate transaction

The term “interstate transaction” means a transaction that is initiated in 1 State by the use of an electronic benefit transfer card that is issued in another State.

(E) Portability

The term “portability” means a system that enables program benefits in the form of an electronic benefit transfer card to be used in any State by a household to purchase food at a retail food store or wholesale food concern approved under this chapter.

(F) Settling

The term “settling” means movement, and reporting such movement, of funds from an electronic benefit transfer card issuer that is located in 1 State to a retail food store, or wholesale food concern, that is located in another State, to accomplish an interstate transaction.

(G) Smart card

The term “smart card” means an intelligent benefit card described in section 2026(f) of this title.

(H) Switching

The term “switching” means the routing of an interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an electronic benefit transfer card in 1 State to the issuer of the card that is in another State.

(2) Requirement

Not later than October 1, 2002, the Secretary shall ensure that systems that provide for the electronic issuance, use, and redemption of program benefits in the form of electronic benefit transfer cards are interoperable, and supplemental nutrition assistance program benefits are portable, among all States.

(3) Cost

The cost of achieving the interoperability and portability required under paragraph (2) shall not be imposed on any retail store, or any wholesale food concern, approved to participate in the supplemental nutrition assistance program.

(4) Standards

Not later than 210 days after February 11, 2000, the Secretary shall promulgate regulations that—

(A) adopt a uniform national standard of interoperability and portability required under paragraph (2) that is based on the standard of interoperability and portability used by a majority of State agencies; and

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

(5) Exemptions

(A) Contracts

The requirements of paragraph (2) shall not apply to the transfer of benefits under an electronic benefit transfer contract before the expiration of the term of the contract if the contract—

- (i) is entered into before the date that is 30 days after the regulations are promulgated under paragraph (4); and
- (ii) expires after October 1, 2002.

(B) Waiver

At the request of a State agency, the Secretary may provide 1 waiver to temporarily exempt, for a period ending on or before the date specified under clause (iii), the State agency from complying with the requirements of paragraph (2), if the State agency—

- (i) establishes to the satisfaction of the Secretary that the State agency faces unusual technological barriers to achieving by October 1, 2002, the interoperability and portability required under paragraph (2);
- (ii) demonstrates that the best interest of the supplemental nutrition assistance program would be served by granting the waiver with respect to the electronic benefit transfer system used by the State agency to administer the supplemental nutrition assistance program; and
- (iii) specifies a date by which the State agency will achieve the interoperability and portability required under paragraph (2).

(C) Smart card systems

The Secretary shall allow a State agency that is using smart cards for the delivery of supplemental nutrition assistance program benefits to comply with the requirements of paragraph (2) at such time after October 1, 2002, as the Secretary determines that a practicable technological method is available for interoperability with electronic benefit transfer cards.

(6) Funding

(A) In general

In accordance with regulations promulgated by the Secretary, the Secretary shall pay 100 percent of the costs incurred by a State agency under this chapter for switching and settling interstate transactions—

- (i) incurred after February 11, 2000, and before October 1, 2002, if the State agency uses the standard of interoperability and portability adopted by a majority of State agencies; and
- (ii) incurred after September 30, 2002, if the State agency uses the uniform national standard of interoperability and portability adopted under paragraph (4)(A).

(B) Limitation

The total amount paid to State agencies for each fiscal year under subparagraph (A) shall not exceed \$500,000.

(k) Option to accept program benefits through on-line transactions**(1) In general**

Subject to paragraph (4), the Secretary shall approve retail food stores to accept benefits from recipients of supplemental nutrition assistance through on-line transactions.

(2) Requirements to accept benefits

A retail food store seeking to accept benefits from recipients of supplemental nutrition assistance through on-line transactions shall—

(A) establish recipient protections regarding privacy, ease of use, access, and support similar to the protections provided for transactions made in retail food stores;

(B) ensure benefits are not used to pay delivery, ordering, convenience, or other fees or charges;

(C) clearly notify participating households at the time a food order is placed—

(i) of any delivery, ordering, convenience, or other fee or charge associated with the food purchase; and

(ii) that any such fee cannot be paid with benefits provided under this chapter;

(D) ensure the security of on-line transactions by using the most effective technology available that the Secretary considers appropriate and cost-effective and that is comparable to the security of transactions at retail food stores; and

(E) meet other criteria as established by the Secretary.

(3) State agency action

Each State agency shall ensure that recipients of supplemental nutrition assistance can use benefits on-line as described in this subsection as appropriate.

(4) Demonstration project on acceptance of benefits through on-line transactions**(A) In general**

Before the Secretary authorizes implementation of paragraph (1) in all States, the Secretary shall carry out a number of demonstration projects as determined by the Secretary to test the feasibility of allowing retail food stores to accept benefits through on-line transactions.

(B) Demonstration projects

To be eligible to participate in a demonstration project under subparagraph (A), a retail food store shall submit to the Secretary for approval a plan that includes—

(i) a method of ensuring that benefits may be used to purchase only eligible items under this chapter;

(ii) a description of the method of educating participant households about the availability and operation of on-line purchasing;

(iii) adequate testing of the on-line purchasing option prior to implementation;

(iv) the provision of data as requested by the Secretary for purposes of analyzing the impact of the project on participant access, ease of use, and program integrity;

(v) reports on progress, challenges, and results, as determined by the Secretary; and

(vi) such other criteria, including security criteria, as established by the Secretary.

(C) Date of completion

The demonstration projects under this paragraph shall be completed and final reports submitted to the Secretary by not later than July 1, 2016.

(5) Report to Congress

The Secretary shall—

(A) by not later than January 1, 2017, authorize implementation of paragraph (1) in all States, unless the Secretary makes a finding, based on the data provided under paragraph (4), that implementation in all States is not in the best interest of the supplemental nutrition assistance program; and

(B) if the determination made in subparagraph (A) is not to implement in all States, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes the basis of the finding.

(Pub. L. 88-525, §7, Aug. 31, 1964, 78 Stat. 705; Pub. L. 91-671, §5, Jan. 11, 1971, 84 Stat. 2050; Pub. L. 93-86, §3(m), Aug. 10, 1973, 87 Stat. 248; Pub. L. 93-125, §1(k), Oct. 18, 1973, 87 Stat. 450; Pub. L. 94-339, §2, July 5, 1976, 90 Stat. 799; Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 967; Pub. L. 97-98, title XIII, §1312, Dec. 22, 1981, 95 Stat. 1285; Pub. L. 97-253, title I, §§162, 190(c)(2), Sept. 8, 1982, 96 Stat. 778, 787; Pub. L. 99-198, title XV, §§1518, 1519, Dec. 23, 1985, 99 Stat. 1578; Pub. L. 100-435, title II, §203(b), Sept. 19, 1988, 102 Stat. 1657; Pub. L. 101-624, title XVII, §§1728, 1729(a), Nov. 28, 1990, 104 Stat. 3788, 3789; Pub. L. 103-225, title I, §102, Mar. 25, 1994, 108 Stat. 107; Pub. L. 104-193, title VIII, §825(a), Aug. 22, 1996, 110 Stat. 2324; Pub. L. 105-18, title VII, [(a)], June 12, 1997, 111 Stat. 216; Pub. L. 106-171, §3, Feb. 11, 2000, 114 Stat. 3; Pub. L. 107-171, title IV, §4110, May 13, 2002, 116 Stat. 309; Pub. L. 110-234, title IV, §§4001(b), 4002(a)(4), 4113-4115(a), May 22, 2008, 122 Stat. 1092, 1093, 1103; Pub. L. 110-246, §4(a), title IV, §§4001(b), 4002(a)(4), 4113-4115(a), June 18, 2008, 122 Stat. 1664, 1853, 1854, 1864, 1865; Pub. L. 111-203, title X, §1075(b), July 21, 2010, 124 Stat. 2074; Pub. L. 113-79, title IV, §§4002(b)-(d), 4010-4011(b)(2)(A), 4030(e), Feb. 7, 2014, 128 Stat. 783, 784, 789-792, 814.)

REFERENCES IN TEXT

The date of enactment of the Food, Conservation, and Energy Act of 2008, referred to in subsec. (f)(3), is the date of enactment of Pub. L. 110-246, which was approved June 18, 2008.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2014—Subsec. (b). Pub. L. 113-79, §4011(b)(2)(A), substituted “purchase food from retail food stores” for “purchase food in retail food stores”.

Subsec. (f)(2). Pub. L. 113-79, §4002(b)(1), added par. (2) and struck out former par. (2). Text read as follows: “The cost of documents or systems that may be re-

quired by this subsection may not be imposed upon a retail food store participating in the supplemental nutrition assistance program.”

Subsec. (f)(4), (5). Pub. L. 113-79, § 4002(b)(2), added pars. (4) and (5).

Subsec. (h)(2)(C)(ii). Pub. L. 113-79, § 4002(c), added cl. (ii) and struck out former cl. (ii) which read as follows: “effective not later than 2 years after August 22, 1996, to the extent practicable, measures that permit a system to differentiate items of food that may be acquired with an allotment from items of food that may not be acquired with an allotment;”.

Subsec. (h)(3)(B). Pub. L. 113-79, § 4002(d), substituted “is operational at a sufficient number” for “is operational—

“(i) in the case of a participating retail food store in which coupons are used to purchase 15 percent or more of the total dollar amount of food sold by the store (as determined by the Secretary), at all registers in the store; and

“(ii) in the case of other participating stores, at a sufficient number”.

Subsec. (h)(8). Pub. L. 113-79, § 4010, substituted “of cards” for “card fee” in par. heading, designated existing provisions as subpar. (A), inserted subpar. heading, and added subpars. (B) to (D).

Subsec. (h)(12), (13). Pub. L. 113-79, § 4030(e), redesignated par. (12), relating to interchange fees, as (13).

Subsec. (h)(14). Pub. L. 113-79, § 4011(a), added par. (14).

Subsec. (k). Pub. L. 113-79, § 4011(b)(1), added subsec. (k).

2010—Subsec. (h)(10). Pub. L. 111-203 amended par. (10) generally. Prior to amendment, text read as follows: “Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 1693b of title 15 shall not apply to benefits under this chapter delivered through any electronic benefit transfer system.”

2008—Pub. L. 110-246, § 4115(a)(1), substituted “program benefits” for “coupons” in section catchline.

Subsec. (a). Pub. L. 110-246, § 4115(a)(1), inserted heading and substituted “Except as provided in subsection (i), EBT cards shall be” for “Coupons shall be printed under such arrangements and in such denominations as may be determined by the Secretary to be necessary, and (except as provided in subsection (j) of this section) shall be”.

Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program”.

Subsec. (b). Pub. L. 110-246, § 4115(a)(2), inserted heading, substituted “Benefits” for “Coupons”, and struck out before period at end “: *Provided further*, That eligible households using coupons to purchase food may receive cash in change therefor so long as the cash received does not equal or exceed the value of the lowest coupon denomination issued”.

Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program”.

Subsec. (c). Pub. L. 110-246, § 4115(a)(3), inserted subsec. heading, designated existing provisions as par. (1), inserted par. heading, substituted “EBT cards” for “Coupons”, struck out “and define their denomination” after “explain their purpose”, struck out at end “The name of any public official shall not appear on such coupons.”, and added par. (2).

Subsec. (d). Pub. L. 110-246, § 4115(a)(4), (12), redesignated subsec. (e) as (d) and struck out former subsec. (d) which related to determination and monitoring of coupon inventory levels and certified monthly report on issuer’s operations.

Subsec. (e). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (f) as (e). Former subsec. (e) redesignated (d).

Pub. L. 110-246, § 4115(a)(5), substituted “benefits” for “coupons” in two places and “benefit issuers” for “coupon issuers” in two places.

Subsec. (f). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (g) as (f). Former subsec. (f) redesignated (e).

Pub. L. 110-246, § 4115(a)(6), substituted “issuance of benefits” for “issuance of coupons”, “benefit issuers” for “coupon issuer”, and “authorizations for benefits” for “authorizations for coupons and allotments” and struck out “including any losses involving failure of a benefit issuers to comply with the requirements specified in section 2020(e)(20) of this title,” after “issuance of benefits”.

Subsec. (g). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (h) as (g). Former subsec. (g) redesignated (f).

Pub. L. 110-246, § 4115(a)(7), added subsec. (g) and struck out former subsec. (g) which related to issuance or delivery of food stamp coupons using alternative methods or issuance of other reusable documents in lieu of coupons by a State agency.

Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program” in two places.

Subsec. (h). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (i) as (h). Former subsec. (h) redesignated (g).

Subsec. (h)(1). Pub. L. 110-246, § 4115(a)(8), substituted “benefits” for “coupons”.

Subsec. (h)(2). Pub. L. 110-246, § 4113, added par. (2) and struck out former par. (2) which read as follows: “Any procedure established under paragraph (1) shall not reduce the allotment of any household and shall ensure that no household experiences an interval between issuances of more than 40 days. The procedure may include issuing a household’s benefits in more than one issuance.”

Subsec. (i). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (j) as (i). Former subsec. (i) redesignated (h).

Subsec. (i)(3)(B)(ii). Pub. L. 110-246, § 4002(a)(4)(A)(i), substituted “households receiving supplemental nutrition assistance program benefits” for “food stamp households”.

Subsec. (i)(7). Pub. L. 110-246, § 4002(a)(4)(A)(ii), substituted “supplemental nutrition assistance issuance” for “food stamp issuance”.

Subsec. (i)(12). Pub. L. 110-246, § 4115(a)(9), added par. (12) relating to interchange fees.

Pub. L. 110-246, § 4114, added par. (12) relating to recovering electronic benefits.

Subsec. (j). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (k) as (j). Former subsec. (j) redesignated (i).

Subsec. (j)(1). Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program”.

Subsec. (j)(2)(A)(ii). Pub. L. 110-246, § 4115(a)(10)(A), substituted “issuing and redeeming benefits” for “printing, shipping, and redeeming coupons”.

Subsec. (j)(2)(B). Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program”.

Subsec. (j)(5). Pub. L. 110-246, § 4115(a)(10)(B), substituted “benefit” for “coupon”.

Subsec. (k). Pub. L. 110-246, § 4115(a)(12), redesignated subsec. (k) as (j).

Subsec. (k)(1)(A). Pub. L. 110-246, § 4115(a)(11)(C), which directed amendment of subpar. (A) by substituting “subsection (h)(11)(A)” for “subsection (i)(11)(A)”, was executed by making the substitution in subpar. (A) of par. (1), to reflect the probable intent of Congress.

Subsec. (k)(1)(B). Pub. L. 110-246, § 4115(a)(11)(A), substituted “program benefits in the form of” for “coupons in the form of”.

Subsec. (k)(1)(C), (E). Pub. L. 110-246, § 4115(a)(11)(B), substituted “program benefits in the form of” for “a coupon issued in the form of”.

Subsec. (k)(2). Pub. L. 110-246, § 4115(a)(11)(A), substituted “program benefits in the form of” for “coupons in the form of”.

Pub. L. 110-246, § 4002(a)(4)(B)(i), substituted “supplemental nutrition assistance program benefits” for “food stamp benefits”.

Subsec. (k)(3). Pub. L. 110-246, § 4002(a)(4)(B)(ii), substituted “retail store” for “food stamp retail store”.

Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program”.

Subsec. (k)(5)(B)(i), (C). Pub. L. 110-246, § 4001(b), substituted “supplemental nutrition assistance program” for “food stamp program” wherever appearing.

2002—Subsec. (i)(2). Pub. L. 107-171 redesignated subpars. (B) to (I) as (A) to (H), respectively, and struck out former subpar. (A) which read as follows: “determining the cost-effectiveness of the system to ensure that its operational cost, including the pro rata cost of capital expenditures and other reasonable startup costs, does not exceed the operational cost of issuance systems in use prior to the implementation of the electronic benefit transfer system;”.

2000—Subsec. (k). Pub. L. 106-171 added subsec. (k).

1997—Subsec. (a). Pub. L. 105-18, title VII, [(a)(1)], inserted “(except as provided in subsection (j) of this section)” after “necessary, and”.

Subsec. (j). Pub. L. 105-18, title VII, [(a)(2)], added subsec. (j).

1996—Subsec. (i). Pub. L. 104-193, § 825(a)(1), inserted subsec. heading.

Subsec. (i)(1). Pub. L. 104-193, § 825(a)(1), added par. (1) and struck out former par. (1) which read as follows:

“(1)(A) Any State agency may, with the approval of the Secretary, implement an on-line electronic benefit transfer system in which household benefits determined under section 2017(a) of this title are issued from and stored in a central data bank and electronically accessed by household members at the point-of-sale.

“(B) No State agency may implement or expand an electronic benefit transfer system without prior approval from the Secretary.”

Subsec. (i)(2). Pub. L. 104-193, § 825(a)(2)(A), struck out “effective no later than April 1, 1992,” after “regulations” in introductory provisions.

Subsec. (i)(2)(A). Pub. L. 104-193, § 825(a)(2)(B), struck out “, in any 1 year,” after “does not exceed” and “on-line” before “electronic benefit”.

Subsec. (i)(2)(D). Pub. L. 104-193, § 825(a)(2)(C), added subpar. (D) and struck out former subpar. (D) which read as follows: “system security;”.

Subsec. (i)(2)(I). Pub. L. 104-193, § 825(a)(2)(D)-(F), added subpar. (I).

Subsec. (i)(7) to (11). Pub. L. 104-193, § 825(a)(3), added pars. (7) to (11).

1994—Subsec. (h)(1). Pub. L. 103-225 inserted second sentence and struck out former second sentence which read as follows: “The State agency shall establish such a procedure for eligible households residing on reservations.”

1990—Subsec. (h). Pub. L. 101-624, § 1728, amended subsec. (h) generally. Prior to amendment, subsec. (h) read as follows: “The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: *Provided*, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than 40 days, either through regular issuances by the State agency or through supplemental issuances.”

Subsec. (i). Pub. L. 101-624, § 1729(a), added subsec. (i).

1988—Subsec. (h). Pub. L. 100-435 struck out par. (1) designation and par. (2) which read as follows: “For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the the [sic] eighth day of the first full month of participation.”

1985—Subsec. (g)(1). Pub. L. 99-198, § 1519, substituted “shall” for “may” in provisions preceding subpar. (A).

Subsec. (h). Pub. L. 99-198, § 1518, added subsec. (h).

1982—Subsec. (f). Pub. L. 97-253, § 190(c)(2), substituted reference to section 2020(e)(20) of this title for former reference to section 2020(e)(21) of this title.

Subsec. (g). Pub. L. 97-253, § 162, added subsec. (g).

1981—Subsec. (f). Pub. L. 97-98 substituted “strictly liable” for “responsible” and inserted provision including any losses involving failure of a coupon issuer to comply with the requirements of section 2020(e)(21) of

this title, except that in the case of losses resulting from the issuance and replacement of authorizations for coupons and allotments sent through the mail, State agency liability be to the extent prescribed in regulations.

1977—Pub. L. 95-113 substituted revised provisions relating to issuance and use of coupons for provisions relating to value of the coupon allotment which are now covered by section 2017 of this title.

1976—Subsec. (d). Pub. L. 94-339 designated existing provisions as par. (1) and added pars. (2) to (7).

1973—Subsec. (a). Pub. L. 93-125 substituted “for households of a given size unless the increase in the face value” for “for value”.

Pub. L. 93-86 substituted provisions relating to determination of semiannual adjustments in face value of coupon allotment for provisions relating to determination of annual adjustments in such allotment.

1971—Subsec. (a). Pub. L. 91-671 substituted provision for issuance of coupon allotment in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, adjusted annually to reflect changes in prices of food published by Bureau of Labor Statistics for prior provision for issuance in such amount as will provide households with an opportunity more nearly to obtain a low-cost nutritionally adequate diet and inserted “any” before “households”.

Subsec. (b). Pub. L. 91-671 substituted provisions respecting charges to households for coupon allotments representing reasonable investment on part of the households, issuance of coupon allotments without charge where monthly income is less than \$30 for a family of four, and election of coupon allotment with a lesser face value than the face value authorized to be issued for prior provision for a charge determined to be equivalent to normal expenditures for food.

CHANGE OF NAME

References to a “coupon”, “authorization card”, or other access device provided under the Food and Nutrition Act of 2008 considered to refer to a “benefit” under that Act, see section 4115(d) of Pub. L. 110-246, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111-203, set out as an Effective Date note under section 5301 of Title 12, Banks and Banking.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of this title.

Amendment by sections 4001(b), 4002(a)(4), and 4113-4115(a) of Pub. L. 110-246 effective Oct. 1, 2008, see section 4407 of Pub. L. 110-246, set out as a note under section 1161 of Title 2, The Congress.

EFFECTIVE DATE OF 2002 AMENDMENT

Amendment by Pub. L. 107-171 effective Oct. 1, 2002, except as otherwise provided, see section 4405 of Pub. L. 107-171, set out as an Effective Date note under section 1161 of Title 2, The Congress.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 1728 of Pub. L. 101-624 effective and implemented first day of month beginning 120 days after publication of implementing regulations to be promulgated not later than Oct. 1, 1991, and amendment by section 1729 of Pub. L. 101-624 effective Nov. 28, 1990, see section 1781(a), (b)(2) of Pub. L. 101-624, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-435 effective Jan. 1, 1989, except with regard to those States not implementing

section 203(a) of Pub. L. 100-435 (amending section 2017 of this title), see section 701(b)(3)(B) of Pub. L. 100-435, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-253 effective Sept. 8, 1982, see section 193(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95-113, title XIII, § 1301, Sept. 29, 1977, 91 Stat. 958, provided that the amendment made by section 1301 is effective Oct. 1, 1977.

SAVINGS CLAUSE

Pub. L. 113-79, title IV, § 4011(c), Feb. 7, 2014, 128 Stat. 793, provided that: “Nothing in this section [amending this section and section 2019 of this title] or an amendment made by this section alters any requirements of the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) unless specifically authorized in this section or an amendment made by this section.”

REPORT ON ELECTRONIC BENEFIT TRANSFER SYSTEMS

Pub. L. 107-171, title IV, § 4111, May 13, 2002, 116 Stat. 309, as amended by Pub. L. 110-234, title IV, § 4002(b)(1)(A), (B), (2)(C), May 22, 2008, 122 Stat. 1095, 1096; Pub. L. 110-246, § 4(a), title IV, § 4002(b)(1)(A), (B), (2)(C), June 18, 2008, 122 Stat. 1664, 1857, 1858, provided that:

“(a) DEFINITION OF EBT SYSTEM.—In this section, the term ‘EBT system’ means an electronic benefit transfer system used in issuance of benefits under the supplemental nutrition assistance program under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

“(b) REPORT.—Not later than October 1, 2003, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

“(1) describes the status of use by each State agency of EBT systems;

“(2) specifies the number of vendors that have entered into a contract for an EBT system with a State agency;

“(3)(A) specifies the number of State agencies that have entered into an EBT-system contract with multiple EBT-system vendors; and

“(B) describes, for each State agency described in subparagraph (A), how responsibilities are divided among the various vendors;

“(4) with respect to any State in which an EBT system is not operational throughout the State as of October 1, 2002—

“(A) provides an explanation of the reasons why an EBT system is not operational throughout the State;

“(B) describes how the reasons are being addressed; and

“(C) specifies the expected date of operation of an EBT system throughout the State;

“(5) provides a description of—

“(A) the issues faced by any State agency that has awarded a second EBT-system contract in the 2-year period preceding the date of the report; and

“(B) the steps that the State agency has taken to address those issues;

“(6) provides a description of—

“(A) the issues faced by any State agency that will award a second EBT-system contract within the 2-year period beginning on the date of the report; and

“(B) strategies that the State agency is considering to address those issues;

“(7) describes initiatives being considered or taken by the Department of Agriculture, food retailers, EBT-system vendors, and client advocates to address any outstanding issues with respect to EBT systems; and

“(8) examines areas of potential advances in electronic benefit delivery in the 5- to 10-year period beginning on the date of the report, including—

“(A) access to EBT systems at farmers’ markets;

“(B) increased use of transaction data from EBT systems to identify and prosecute fraud; and

“(C) fostering of increased competition among EBT-system vendors to ensure cost containment and optimal service.”

CONGRESSIONAL STATEMENT OF PURPOSE

Pub. L. 106-171, § 2, Feb. 11, 2000, 114 Stat. 3, as amended by Pub. L. 110-234, title IV, § 4002(b)(1)(A), (D), (2)(F), May 22, 2008, 122 Stat. 1095-1097; Pub. L. 110-246, § 4(a), title IV, § 4002(b)(1)(A), (D), (2)(F), June 18, 2008, 122 Stat. 1664, 1857, 1858, provided that: “The purposes of this Act [amending this section and enacting provisions set out as notes under this section and section 2011 of this title] are—

“(1) to protect the integrity of the supplemental nutrition assistance program;

“(2) to ensure cost-effective portability of supplemental nutrition assistance program benefits benefits [sic] across State borders without imposing additional administrative expenses for special equipment to address problems relating to the portability;

“(3) to enhance the flow of interstate commerce involving electronic transactions involving supplemental nutrition assistance program benefits benefits [sic] under a uniform national standard of interoperability and portability; and

“(4) to eliminate the inefficiencies resulting from a patchwork of State-administered systems and regulations established to carry out the supplemental nutrition assistance program.”

STUDY OF ALTERNATIVES FOR HANDLING ELECTRONIC BENEFIT TRANSACTIONS INVOLVING FOOD STAMP BENEFITS

Pub. L. 106-171, § 4, Feb. 11, 2000, 114 Stat. 6, as amended by Pub. L. 110-234, title IV, § 4002(b)(1)(B), (D), (2)(F), May 22, 2008, 122 Stat. 1096, 1097; Pub. L. 110-246, § 4(a), title IV, § 4002(b)(1)(B), (D), (2)(F), June 18, 2008, 122 Stat. 1664, 1857, 1858, provided that: “Not later than 1 year after the date of enactment of this Act [Feb. 11, 2000], the Secretary of Agriculture shall study and report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on alternatives for handling interstate electronic benefit transactions involving supplemental nutrition assistance program benefits benefits [sic] provided under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), including the feasibility and desirability of a single hub for switching (as defined in section 7(k)(1) [now 7(j)(1)] of that Act [7 U.S.C. 2016(j)(1)] (as added by section 3)).”

SUSPENSION OF STAGGERED ISSUANCE OF FOOD STAMP COUPONS

Pub. L. 102-237, title IX, § 908(a)(1), Dec. 13, 1991, 105 Stat. 1886, as amended by Pub. L. 103-11, § 1, Apr. 1, 1993, 107 Stat. 41; Pub. L. 103-205, § 1, Dec. 17, 1993, 107 Stat. 2418, provided that no State agency be required to implement 7 U.S.C. 2016(h)(1), regarding staggering of issuance of food stamp coupons, until Mar. 15, 1994, and directed Secretary of Agriculture to issue final regulations requiring staggered issuance of coupons no later

than Dec. 1, 1992, prior to repeal by Pub. L. 103-225, title I, § 104(a), Mar. 25, 1994, 108 Stat. 107.

FOOD STAMP COUPONS, COST INCREASE SUSPENSION

Pub. L. 94-4, Feb. 20, 1975, 89 Stat. 6, provided that notwithstanding the provisions of 7 U.S.C. 2016(b), the charge imposed on any household for a coupon allotment under this chapter after Feb. 20, 1975, and prior to Dec. 30, 1975, could not exceed the charge that would have been imposed on such household for such coupon allotment under rules and regulations promulgated under this chapter and in effect on Jan. 1, 1975.

§ 2017. Value of allotment

(a) Calculation

The value of the allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the supplemental nutrition assistance program shall be equal to the cost to such households of the thrifty food plan reduced by an amount equal to 30 per centum of the household's income, as determined in accordance with section 2014(d) and (e) of this title, rounded to the nearest lower whole dollar: *Provided*, That for households of one and two persons the minimum allotment shall be 8 percent of the cost of the thrifty food plan for a household containing 1 member, as determined by the Secretary under section 2012 of this title, rounded to the nearest whole dollar increment.

(b) Benefits not deemed income or resources for certain purposes

The value of benefits that may be provided under this chapter shall not be considered income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of benefits under this chapter.

(c) First month benefits prorated

(1) The value of the allotment issued to any eligible household for the initial month or other initial period for which an allotment is issued shall have a value which bears the same ratio to the value of the allotment for a full month or other initial period for which the allotment is issued as the number of days (from the date of application) remaining in the month or other initial period for which the allotment is issued bears to the total number of days in the month or other initial period for which the allotment is issued, except that no allotment may be issued to a household for the initial month or period if the value of the allotment which such household would otherwise be eligible to receive under this subsection is less than \$10. Households shall receive full months' allotments for all months within a certification period, except as provided in the first sentence of this paragraph with respect to an initial month.

(2) As used in this subsection, the term "initial month" means (A) the first month for which an allotment is issued to a household, (B) the first month for which an allotment is issued to a household following any period in which such household was not participating in the supple-

mental nutrition assistance program under this chapter after the expiration of a certification period or after the termination of the certification of a household, during a certification period, when the household ceased to be eligible after notice and an opportunity for a hearing under section 2020(e)(10) of this title, and (C) in the case of a migrant or seasonal farmworker household, the first month for which allotment is issued to a household that applies following any period of more than 30 days in which such household was not participating in the supplemental nutrition assistance program after previous participation in such program.

(3) **OPTIONAL COMBINED ALLOTMENT FOR EXPEDITED HOUSEHOLDS.**—A State agency may provide to an eligible household applying after the 15th day of a month, in lieu of the initial allotment of the household and the regular allotment of the household for the following month, an allotment that is equal to the total amount of the initial allotment and the first regular allotment. The allotment shall be provided in accordance with section 2020(e)(3) of this title in the case of a household that is not entitled to expedited service and in accordance with paragraphs (3) and (9) of section 2020(e) of this title in the case of a household that is entitled to expedited service.

(d) Reduction of public assistance benefits

(1) In general

If the benefits of a household are reduced under a Federal, State, or local law relating to a means-tested public assistance program for the failure of a member of the household to perform an action required under the law or program, for the duration of the reduction—

(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of the reduction; and

(B) the State agency may reduce the allotment of the household by not more than 25 percent.

(2) Rules and procedures

If the allotment of a household is reduced under this subsection for a failure to perform an action required under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the State agency may use the rules and procedures that apply under part A of title IV of the Act to reduce the allotment under the supplemental nutrition assistance program.

(e) Allotments for households residing in centers

(1) In general

In the case of an individual who resides in a center for the purpose of a drug or alcoholic treatment program described in section 2012(n)(5)¹ of this title, a State agency may provide an allotment for the individual to—

(A) the center as an authorized representative of the individual for a period that is less than 1 month; and

(B) the individual, if the individual leaves the center.

¹ See References in Text note below.