



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 554 (Substitute S-3 as reported by the Committee of the Whole)  
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Senate Bill 556 (Substitute S-3 as reported by the Committee of the Whole)  
Sponsor: Senator Rick Jones  
Committee: Banking and Financial Institutions

**CONTENT**

Senate Bills 554 (S-3) and 555 (S-3) would amend the Horse Racing Law and the Michigan Liquor Control Code, respectively, to require certain businesses to work with the Department of Human Services (DHS) and persons who provide point of sale device or ATM services on the business premises to prevent an individual's access to cash benefits from Michigan bridge cards through a point of sale device or withdrawal from an ATM on the business premises.

Senate Bill 554 (S-3) would apply to a track license holder. Senate Bill 555 (S-3) would apply to a retailer, except a retailer that sold or offered staple foods for off-premises consumption in addition to alcoholic liquor. (A retailer is a person licensed by the Liquor Control Commission who sells to consumers.)

Senate Bill 556 (S-3) would amend the Social Welfare Act to require the DHS to work with providers of ATM services to create and implement a program or method to block access to cash benefits from Michigan bridge cards through point of sale devices and ATMs located in liquor stores or adult entertainment establishments.

The Act requires the DHS to work with ATM service providers to prevent access to cash benefits from Michigan bridge cards in a casino or casino enterprise. Under Senate Bill 556 (S-3), "casino" and "casino enterprise" would not include the following: 1) a grocery store that sells groceries, including staple foods, and is located in a casino or casino enterprise; or 2) any other business establishment that offers gaming that is incidental to the establishment's principal purpose.

All of the bills would take effect on February 1, 2014.

Proposed MCL 531.309b (S.B. 554)  
436.2024 (S.B. 555)  
MCL 400.57v (S.B. 556)

Legislative Analyst: Glenn Steffens

**FISCAL IMPACT**

The bills would increase State spending by a minimum of \$120,000 Gross per year. The scope of services required by the bills, however, could result in additional, as of yet undetermined, costs in the State's third-party contract, or minimal increased costs for administrative or information technology-related activities at the State level.

In addition, if current policies and practices are not sufficient to be in compliance with Federal law, the State could be subjected to a penalty that would reduce the Federal Temporary Assistance for Needy Families block grant by up to 5.0%, or \$38.8 million Gross.

Currently, the Department has a five-year contract with Xerox to provide electronic benefit transfer (EBT) services and functions to support the electronic delivery of cash and food assistance benefits to recipients throughout the State. Xerox is not the sole broker to determine whether an ATM or point of sale device can provide EBT services and cash benefits, however. Retailers enter into contracts with third party processors (which are generally financial institutions) and can request that ATMs and point of sale devices in their establishments block access to cash benefits.

The contract with Xerox included an estimate of \$10,000 per month "to block cash withdrawals from certain retailers and/or ATMs". The State has not yet used this optional service, however. Current statute requires the Department to block access to cash benefits in the State's 26 casinos (MCL 400.57v), but the casinos have taken on the responsibility to block access. While the State has not yet implemented this optional \$10,000-per-month service, the bills would result in implementation of the service.

Potential cost increases include expenditures in excess of the estimate provided in Xerox's contract, as well as possible information technology or administrative expenditures. The bills would significantly increase the number of retailers that would be blocked from providing cash benefits, which could affect the Xerox contract. The DHS website provides a list of all locations that include ATMs with the Quest logo, where cash benefits can be withdrawn. The list is 175 pages long and includes approximately 13,000 vendors. As an example of the potential increase in scope of services, 285 of these vendors have the word "liquor" in the name of the store. The Michigan Liquor Control Commission reported 8,006 off-premises licensed businesses that sell beer, wine, and spirits, but the Commission does not have a way to distinguish whether the businesses are primarily liquor stores. While the bills would not require additional tracking mechanisms for enforcement, implementation of the legislation could result in some minimal administrative or information technology-related costs.

There would be no increased costs to the State or local units of government from provisions in Senate Bills 554 (S-3) and 555 (S-3) that would require the track license holders and liquor store owners to work with the Department, ATM providers, and point of sale device providers to ensure that cash benefits could not be obtained through ATMs or point of sale devices at their locations.

Date Completed: 10-21-13

Fiscal Analyst: Frances Carley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.