

Legislative Analysis



REQUIRE CHIP-ENABLED BRIDGE CARDS

Phone: (517) 373-8080
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House Bill 4746 (H-2) as reported from committee
Sponsor: Rep. Jason Woolford
Committee: Government Operations
Complete to 9-3-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4746 would amend the Social Welfare Act to require the Department of Health and Human Services (DHHS) to issue, within one year after the bill takes effect, chip-enabled Michigan Bridge Cards to recipients of food or cash assistance benefits in compliance with applicable industry standards as published by the Accredited Standards Committee X9.¹

Michigan Bridge Cards are electronic benefit transfer (EBT) cards—similar to debit cards—that can be used by eligible individuals to purchase food under the Supplemental Nutrition Assistance Program (SNAP) or to obtain cash assistance benefits under other programs.

Proposed 400.14n

BRIEF DISCUSSION:

According to committee testimony, Michigan Bridge Cards use magnetic stripe technology, which is more vulnerable to theft and fraud than more modern chip-enabled technology. Specifically, the older technology is more susceptible to skimming (copying card information, including the personal identification number) and cloning (making a fake card). Criminals can use these and similar methods to steal from a victim's account, draining their benefits and leaving them without support.² Criminal rings engage in this kind of theft on a large scale.³ Proponents of the bill argue that making Michigan Bridge Cards more secure from theft and fraud would protect families in need from theft and also taxpayers from waste.

FISCAL IMPACT:

House Bill 4746 would increase costs to DHHS by an indeterminate, but likely moderate, amount. Costs would include one-time start-up costs, such as mass reissuing of current Bridge Cards, systems and technology upgrades, and notifications to clients and retailers, as well as ongoing costs for issuing Bridge Cards to newly eligible residents and other operational supports. Through fiscal year 2025-26, costs would be split 50/50% between the general fund and federal SNAP administrative match. Due to provisions in the One Big Beautiful Bill Act (OBBBA), starting in FY 2026-27, costs would shift to 75% general fund and 25% federal.

¹ <https://x9.org/new-version-of-x9-58-standard-upgrades-usda-snap-ebt-cards/>

² See https://www.congress.gov/crs_external_products/IN/PDF/IN12419/IN12419.4.pdf

³ For example, see <https://www.michigan.gov/ag/news/press-releases/2023/08/18/attorney-general-nessel-charges-additional-defendants-in-interstate-food-stamp-fraud-scheme>

Cost estimates in other states implementing EBT chip cards or considering adoption have ranged widely based on the cost of reissuing EBT cards to current benefit recipients. For example, California has a food assistance caseload of approximately 3.3 million households and estimated costs for the transition to chip cards at \$75.0 million, while Ohio has a food assistance caseload of approximately 700,000 households and estimated costs at \$10.1 million. Given these estimates and Michigan's FY 2024-25 year-to-date average food assistance caseload of approximately 757,000 households, costs are likely to range between \$11.0 million and \$17.0 million.

Savings to the state as a result of reduced fraud are also indeterminate, but likely minimal. While DHHS does replace cash assistance benefits stolen because of Bridge Card fraud (card cloning, skimming, phishing schemes, etc.), stolen food assistance benefits were only replaced from October 1, 2022, through December 20, 2024. Furthermore, food assistance benefit costs are 100% covered by federal SNAP funds through FY 2026-27. Starting in FY 2027-28, these costs will be shared by the state at a rate between 5% and 15% dependent on the state's payment error rates. Adoption of more secure Bridge Cards will likely result in savings to the DHHS Office of Inspector General through reduced requests to unpin Bridge Cards due to fraud and a lower volume of suspected card cloning and skimming schemes to monitor and investigate.

POSITIONS:

The Michigan League for Public Policy indicated support for the bill. (8-21-25)

Legislative Analyst: Rick Yuille
Fiscal Analyst: Cassidy Uchman

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.