

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5574

# STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5574.

This bill directs the Commissioner of Human Services (commissioner) to provide the following information to recipients of benefits under the Supplemental Nutrition Assistance Program and the Work First New Jersey Program:

1) The risks of card skimming, card cloning, and similar fraudulent methods, as used by criminals to steal SNAP or cash assistance benefits from the recipient's electronic benefits transfer card;

2) Precautions a recipient can take to avoid falling victim to card skimming, card cloning, or similar fraudulent methods;

3) The claims process, as established by the Department of Human Services (department), through which a recipient can have SNAP benefits, stolen between October 1, 2022 and September 30, 2024 due to card skimming, card cloning, or similar fraudulent methods, replaced with federal funds, pursuant to the federal "Consolidated Appropriations Act, 2023," and the claims process for other replacement methods of stolen SNAP or WFNJ benefits implemented subsequent to the effective date of the bill; and

4) The process by which a recipient can report stolen SNAP and WFNJ benefits due to card skimming, card cloning, or similar fraudulent methods to the department or to local law enforcement agencies.

Information provided to recipients under the bill is to be distributed in writing, at the point of enrollment and recertification in SNAP or WFNJ and with the issuance of the recipient's electronic benefits transfer card. The bill also requires the department to post this information on its website and at SNAP and WFNJ eligibility determination agencies.

Finally, the commissioner, in collaboration with local law enforcement agencies, is required to report to the Governor and the Legislature, 18 months following the effective date of the act, and annually thereafter, data regarding stolen and replaced SNAP and WFNJ benefits, as collected under the bill, as well as any other information that demonstrates the department's efforts to protect SNAP and WFNJ recipients from fraud due to card skimming, card cloning, or similar fraudulent methods.

As used under the bill, “skimming” means the illegal installation of devices on point-of-sale or automatic teller machine terminals to capture a cardholder’s personal identification number and other data stored on the magnetic strip of the electronic benefits transfer card; and “card cloning” means making an unauthorized copy of an electronic benefits transfer card.

FISCAL IMPACT:

The Office of Legislative Services concludes that the Department of Human Services may incur up to \$250,000 annually to fulfill all aspects of the bill’s reporting requirement, assuming that no more than one full-time equivalent employee is required to collect, compile, and present the mandated data to the Governor and Legislature. In addition to staffing expenses, costs to fulfill this provision include the establishment of a system to connect with local law enforcement agencies for information, as required under the bill.