

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/SB 778

INTRODUCER: Agriculture Committee; Senators Thompson and Bullard

SUBJECT: Transactions in Fresh Produce Markets

DATE: March 28, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Halley	AG	Fav/CS
2.	Hendon	Hendon	CF	Favorable
3.	Brown	Hansen	AP	Favorable
4.			RC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/SB 778 permits an owner or operator of a market that sells fresh produce to allow a non-competing third party, authorized by the United States Department of Agriculture (USDA) to be a Supplemental Nutrition Services Program (SNAP) retailer, to establish an Electronic Benefit Transfer (EBT) system to accept SNAP payments for the market's produce sellers, to the extent allowed by federal law and regulation. The bill applies only to a market that is not already an authorized SNAP retailer. The bill does not apply to a market with an existing EBT system for accepting SNAP benefits, nor does it require that a market operate an EBT system for its produce sellers. It also does not prohibit an authorized Food Nutrition Service produce seller from operating its own EBT system for its own customers.

This bill has no fiscal impact to the state.

The bill has an effective date of July 1, 2013.

The bill creates an undesignated section of law.

II. Present Situation:

The Center for Disease Control and Prevention (CDC) reports that research shows a healthy diet, rich in fruits and vegetables, provides a wide range of vitamins, minerals, and other natural substances that may help protect a body from chronic diseases.¹ The Food Research and Action Center (FRAC) observes that it is well documented that the SNAP program, formerly the Food Stamp Program, is beneficial to the health of children and adults and the well-being of low-income people in the United States.²

SNAP benefits are delivered through EBT cards, which are used like debit cards, at authorized food retailers. The federal government pays 100 percent of the SNAP benefits, but the federal and state governments share administrative costs.³ The SNAP program for retailers (formerly referred to as the food stamp program) and the certification of a retailer to use an EBT system to process SNAP payments are administered by the USDA Food and Nutrition Service.⁴

Many venues, especially in low income communities, do not accept SNAP. SNAP redemptions at farmers' markets accounted for only 0.01 percent of approximately \$64.4 billion in SNAP redemptions in FY 2010. Only 1,611 individual farmers and farmers' markets of the 6,132 operating nationwide in FY 2010 – about one fourth – accepted SNAP benefits.⁵

The Johns Hopkins Center for a Livable Future issued a report in the summer of 2012 detailing the relationship between nutritious food, farmers' markets, and the SNAP program. The report states that low-income consumers lack access to farmers' markets because the SNAP program cannot be used at many such markets since they lack wireless terminals to process EBT sales. According to the Johns Hopkins report, SNAP redemptions at farmers markets fell by half between 1992 and 2009 with the transition to EBT, which started in 1993. The report concludes that improving EBT technology at farmers markets has the potential to improve SNAP participants' diets and health by increasing access to fresh, local fruits and vegetables.⁶

As part of state and federal initiatives to encourage SNAP participants to eat more nutritious foods, a pamphlet ("SNAP/EBT at your Farmers' Market: Seven Steps to Success") was designed to help farmers' markets reach out to SNAP customers. In order to encourage greater EBT participation, the United States Department of Agriculture (USDA) provided grant money for markets to implement an EBT system, if they were not already authorized SNAP retailers on or before November 18, 2011. On July 27, 2012, the State of Florida announced the availability of the USDA grant money and engaged in a marketing campaign to encourage more farmers'

¹ See <http://www.cdc.gov/nutrition/everyone/fruitsvegetables/index.html>. (last visited Feb. 18, 2013).

² See <http://frac.org/wp-content/uploads/2011/06/SNAPstrategies.pdf>. (last visited Feb. 19, 2013).

³ Ibid.

⁴ See http://myflorida.custhelp.com/app/answers/detail/a_id/2675/~/-/accepting-food-stamps-in-my-business---how-do-i-become-an-ebt-retailer%3F. (last visited Feb. 19, 2013).

⁵ Ibid.

⁶ See http://www.jhsph.edu/research/centers-and-institutes/johns-hopkins-center-for-a-livable-future/_pdf/projects/ffp/farm_bill/Reuniting-Snap-Participants-and-Farmers-Markets.pdf. (last visited Feb. 19, 2013).

markets to participate in EBT. That effort has resulted in eight markets participating in the program with three more markets in the implementation phase.⁷

The Department of Agriculture and Consumer Services operates 13 “State Farmers’ Markets” under the authority contained in s. 570.07(18), F.S. Of the 13 markets, five have retail businesses that sell products to the public and three of them have installed EBT systems at their own expense.⁸ Other farmers’ markets are operated by local governments, not-for-profit organizations, private organizations, business development groups, and individuals, each of which has its own system for accepting payment for products.⁹ The USDA provided information in July 2012 that there were 127 farmers’ markets in Florida and 25 were participating in the SNAP program prior to the additional eight being brought into the program with the new funding.

There are various reasons why a farmers’ market does not have an EBT system. These include a decision by the owner not to accept SNAP benefits,¹⁰ a lack of access to electricity and phone lines needed for vendors to accept EBT cards, or a business decision not to fund the wireless technology and associated costs of implementation that are typically necessary to handle EBT sales.¹¹

III. Effect of Proposed Changes:

Section 1 creates an undesignated section of Florida law relating to transactions in fresh produce markets. The bill provides the following definitions: “Market” is defined as a farmers’ market, community farmers’ market, flea market, or other open air market; and “SNAP” is defined as the federal Supplemental Nutrition Assistance Program.

The bill permits an owner or operator of a market that sells fresh produce, but is not a SNAP retailer, to allow specified, authorized third parties, which may not be a competing market, to accept SNAP benefits on behalf of the market’s produce sellers to the extent allowed by federal law and regulation. It requires the market owner or operator to reasonably accommodate the authorized third party in the implementation and operation of an EBT system.

The bill does not apply to a market selling fresh produce whose owner or operator has a system in place for accepting SNAP benefits. The bill does not prohibit an authorized Food Nutrition Service produce seller from operating its own EBT system for its customers’ transactions. Finally, the bill does not require a market owner or operator to create, operate, or maintain an EBT system on behalf of its produce sellers.

Section 2 provides an effective date of July 1, 2013.

⁷ Department of Children and Families *Staff Analysis and Economic Impact*, (Feb. 18, 2013) (on file with the Senate Agriculture Committee).

⁸ Correspondence dated February 20, 2013 from Office of Legislative Affairs, Department of Agriculture and Consumer Services. (on file with Senate Agriculture Committee).

⁹ Department of Children and Families Staff Analysis, p. 2.

¹⁰ *Ibid.*

¹¹ http://www.jhsph.edu/research/centers-and-institutes/johns-hopkins-center-for-a-livable-future/pdf/projects/ffp/farm_bill/Reuniting-Snap-Participants-and-Farmers-Markets.pdf, p.4.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Additional SNAP beneficiaries will be able to use their EBT cards at farmers' markets. Authorized Food and Nutrition Service groups, associations, or other specified parties may be able to offer EBT services at participating farmers' markets.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Agriculture on March 4, 2013:**

The CS changes the authoritative instruction regarding the duty of farmers' markets to allow third parties to implement and operate an EBT system to accept SNAP payments from being mandatory to being permissive. It clarifies that the bill applies to farmers' markets that are not already authorized SNAP retailers. It removes rule making authority given to the Department of Children and Families to administer the bill as DCF's

responsibility for administering the SNAP program is limited to determining eligibility and issue benefits.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
