

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6386

Chapter 253, Laws of 2012

62nd Legislature
2012 Regular Session

PUBLIC ASSISTANCE--FRAUD

EFFECTIVE DATE: 06/07/12

Passed by the Senate March 6, 2012
YEAS 49 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 2, 2012
YEAS 97 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved March 30, 2012, 1:37 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6386** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 30, 2012

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6386

AS AMENDED BY THE HOUSE

Passed Legislature - 2012 Regular Session

State of Washington 62nd Legislature 2012 Regular Session

By Senate Human Services & Corrections (originally sponsored by Senators Carrell, Becker, Zarelli, Hargrove, Delvin, Schoesler, Honeyford, and Keiser)

READ FIRST TIME 02/03/12.

1 AN ACT Relating to fraud in state assistance programs; amending RCW
2 74.08.580, 74.04.014, and 43.215.135; adding a new section to chapter
3 74.08 RCW; creating a new section; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that fraud associated
6 with public assistance programs is a significant problem in the state
7 of Washington. Therefore, the legislature encourages the office of
8 fraud and accountability within the department of social and health
9 services to coordinate with the office of the state auditor and the
10 department of early learning to improve the prevention, detection, and
11 prosecution of fraudulent activity taking place in public assistance
12 programs. It is the purpose of this act to significantly reduce fraud
13 and to ensure that public assistance dollars reach the intended
14 populations in need.

15 **Sec. 2.** RCW 74.08.580 and 2011 1st sp.s. c 42 s 14 are each
16 amended to read as follows:

17 (1) Any person receiving public assistance is prohibited from using

1 electronic benefit cards or cash obtained with electronic benefit
2 cards:

3 (a) For the purpose of participating in any of the activities
4 authorized under chapter 9.46 RCW;

5 (b) For the purpose of parimutuel wagering authorized under chapter
6 67.16 RCW;

7 (c) To purchase lottery tickets or shares authorized under chapter
8 67.70 RCW;

9 (d) For the purpose of participating in or purchasing any
10 activities located in a tattoo, body piercing, or body art shop
11 licensed under chapter 18.300 RCW;

12 (e) To purchase cigarettes as defined in RCW 82.24.010 or tobacco
13 products as defined in RCW 82.26.010;

14 (f) To purchase any items regulated under Title 66 RCW; or

15 (g) For the purpose of purchasing or participating in any
16 activities in any location listed in subsection (2) of this section.

17 (2) On or before January 1, 2012, the businesses listed in this
18 subsection must disable the ability of ATM and point-of-sale machines
19 located on their business premises to accept the electronic benefit
20 card. The following businesses are required to comply with this
21 mandate:

22 (a) Taverns licensed under RCW 66.24.330;

23 (b) Beer/wine specialty stores licensed under RCW 66.24.371;

24 (c) Nightclubs licensed under RCW 66.24.600;

25 (d) Contract liquor stores defined under RCW 66.04.010;

26 (e) Bail bond agencies regulated under chapter 18.185 RCW;

27 (f) Gambling establishments licensed under chapter 9.46 RCW;

28 (g) Tattoo, body piercing, or body art shops regulated under
29 chapter 18.300 RCW;

30 (h) Adult entertainment venues with performances that contain
31 erotic material where minors under the age of eighteen are prohibited
32 under RCW 9.68A.150; and

33 (i) Any establishments where persons under the age of eighteen are
34 not permitted.

35 (3) The department must notify the licensing authority of any
36 business listed in subsection (2) of this section that such business
37 has continued to allow the use of the electronic benefit card in
38 violation of subsection (2) of this section.

1 (4) Only the recipient, an eligible member of the household, or the
2 recipient's authorized representative may use an electronic benefit
3 card or the benefit and such use shall only be for the respective
4 benefit program purposes. Unless a recipient's family member is an
5 eligible member of the household, the recipient's authorized
6 representative, an alternative cardholder, or has been assigned as a
7 protective payee, no family member may use the benefit card. The
8 recipient shall not sell, or attempt to sell, exchange, or donate an
9 electronic benefit card or any benefits to any other person or entity.

10 (5) The first violation of subsection (1) (~~(4)~~) of this
11 section by a recipient constitutes a class 4 civil infraction under RCW
12 7.80.120. Second and subsequent violations of subsection (1) (~~(4)~~)
13 of this section constitute a class 3 civil infraction under RCW
14 7.80.120.

15 (a) The department shall notify, in writing, all recipients of
16 electronic benefit cards that any violation of subsection (1) (~~(4)~~)
17 of this section could result in legal proceedings and forfeiture
18 of all cash public assistance.

19 (b) Whenever the department receives notice that a person has
20 violated subsection (1) (~~(4)~~) of this section, the department
21 shall notify the person in writing that the violation could result in
22 legal proceedings and forfeiture of all cash public assistance.

23 (c) The department shall assign a protective payee to the person
24 receiving public assistance who violates subsection (1) (~~(4)~~) of
25 this section two or more times.

26 (6) In assigning a personal identification number to an electronic
27 benefit card, the department shall not routinely use any sequence of
28 numbers that appear on the card except in circumstances resulting from
29 in-state or national disasters. Personal identification numbers
30 assigned to electronic benefit cards issued to support the distribution
31 of benefits when there is a disaster may include a sequence of numbers
32 that appears on the card.

33 **NEW SECTION. Sec. 3.** A new section is added to chapter 74.08 RCW
34 to read as follows:

35 A person who has in his or her possession or under his or her
36 control electronic benefit cards issued in the names of two or more

1 persons and who is not authorized by those persons to have any of the
2 cards in his or her possession is guilty of a misdemeanor.

3 **Sec. 4.** RCW 74.04.014 and 2011 1st sp.s. c 42 s 24 are each
4 amended to read as follows:

5 (1) In carrying out the provisions of this chapter, the office of
6 fraud and accountability shall have prompt access to all individuals,
7 records, electronic data, reports, audits, reviews, documents, and
8 other materials available to the department of revenue, department of
9 labor and industries, department of early learning, employment security
10 department, department of licensing, and any other government entity
11 that can be used to help facilitate investigations of fraud or abuse as
12 determined necessary by the director of the office of fraud and
13 accountability.

14 (2) The investigator shall have access to all original child care
15 records maintained by licensed and unlicensed child care providers with
16 the consent of the provider or with a court order or valid search
17 warrant.

18 (3) Information gathered by the department, the office, or the
19 fraud ombudsman shall be safeguarded and remain confidential as
20 required by applicable state or federal law. Whenever information or
21 assistance requested under subsection (1) or (2) of this section is, in
22 the judgment of the director, unreasonably refused or not provided, the
23 director of the office of fraud and accountability must report the
24 circumstances to the secretary immediately.

25 **Sec. 5.** RCW 43.215.135 and 2011 1st sp.s. c 42 s 11 are each
26 amended to read as follows:

27 (1) The department shall establish and implement policies in the
28 working connections child care program to promote stability and quality
29 of care for children from low-income households. Policies for the
30 expenditure of funds constituting the working connections child care
31 program must be consistent with the outcome measures defined in RCW
32 74.08A.410 and the standards established in this section intended to
33 promote continuity of care for children.

34 (2) ~~((As a condition of receiving a child care subsidy or a working~~
35 ~~connections child care subsidy, the applicant or recipient must seek~~

1 ~~child support enforcement services from the department of social and~~
2 ~~health services, division of child support, unless the department finds~~
3 ~~that the applicant or recipient has good cause not to cooperate.~~

4 ~~(3))~~ Except as provided in subsection ~~((4))~~ (3) of this section,
5 an applicant or recipient of a child care subsidy or a working
6 connections child care subsidy is eligible to receive that subsidy for
7 six months before having to recertify his or her income eligibility.
8 The six-month certification provision applies only if enrollments in
9 the child care subsidy or working connections child care program are
10 capped.

11 ~~((4))~~ (3) Beginning in fiscal year 2011, for families with
12 children enrolled in an early childhood education and assistance
13 program, a head start program, or an early head start program,
14 authorizations for the working connections child care subsidy shall be
15 effective for twelve months unless a change in circumstances
16 necessitates reauthorization sooner than twelve months.

17 ~~((5))~~ (4) The department, in consultation with the department of
18 social and health services, shall report to the legislature by
19 September 1, 2011, with:

20 (a) An analysis of the impact of the twelve-month authorization
21 period on the stability of child care, program costs, and
22 administrative savings; and

23 (b) Recommendations for expanding the application of the twelve-
24 month authorization period to additional populations of children in
25 care.

Passed by the Senate March 6, 2012.

Passed by the House March 2, 2012.

Approved by the Governor March 30, 2012.

Filed in Office of Secretary of State March 30, 2012.