Legislative Update

To: EFTA Members
From: Dennis Ambach, Senior Director, Government Relations
Date: February 3, 2012
Re: Restricting Government Payment Cards at ATMs

I am following up on an agenda item from our last LRC conference call (January 25) regarding restricting government payment cards at ATMs.

On Wednesday, February 1, the House of Representatives passed H.R. 3567, the Welfare Integrity Now for Children and Families Act. The vote was 395–27. This legislation requires states, two years after enactment, to establish policies and procedures blocking access to Temporary Assistance for Needy Families (TANF) funds at liquor stores, casinos and establishments providing “adult entertainment.” This would extend to accessing funds at ATMs located in these restricted places.

The House’s action marks the third time in the last few months it has voted on a measure such as this. The language was included in H.R. 3659 which reauthorized the TANF for one year. The House unanimously passed H.R. 3659 in December. It is currently pending in the Senate. The House initially included the language in the Middle Class Tax Relief & Job Creation Act (H.R. 3630) that it passed in December as well. The provision was dropped when the House accepted the Senate’s two-month payroll tax reduction measure.

Rep. Charles Boustany (R-LA), H.R. 3567’s author, claimed on the House Floor that blocking access to TANF cards at liquor store, casino and strip club ATMs is easily done. Rep. Lloyd Doggett (D-TX) produced a letter from the National Conference of State Legislatures (NCSL) in opposition to H.R. 3567. NCSL pointed to California and Washington as examples of experiencing “complex implementation” issues when limiting electronic benefit cards.

We should know in the coming weeks whether the House and Senate will agree to include the “strip club loophole” provision in the payroll tax reduction compromise. Since Senate Finance Committee Chairman Max Baucus (D-MT) and its Ranking Member Sen. Orrin Hatch (R-UT) introduced similar legislation last year, odds may favor its inclusion in the conference report. Meantime, several states including Florida and Massachusetts are considering similar measures.

We will keep you apprised of any developments.