

Senate Bill 400

A bill to amend 1984 PA 387, entitled  
"State food stamp distribution act,"  
by amending sections 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, 16,  
18, 19, and 20 (MCL 400.753, 400.754, 400.755, 400.757, 400.758,  
400.759, 400.760, 400.761, 400.762, 400.763, 400.765, 400.766,  
400.768, 400.769, and 400.770).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. (1) "Applicant" means an individual, partnership,  
2 corporation, association, or political subdivision of this state  
3 that submits a bid for a contract.

4       (2) "Contract" means a written agreement between a distribu-  
5 tor and the department of management and budget, under which the  
6 distributor issues coupons under certain conditions in exchange  
7 for compensation.

1 (3) "Coupon" means a coupon, stamp, or other type of  
2 certificate created under the food stamp program and redeemable  
3 for certain food.

4 (4) "Distribution area" means an area designated by the  
5 ~~department of social services~~ FAMILY INDEPENDENCE AGENCY within  
6 which a distributor is responsible for issuing coupons to  
7 recipients.

8 Sec. 4. (1) "Distribution site" means the establishment or  
9 portion of an establishment at which a distributor issues coupons  
10 to recipients.

11 (2) "Distributor" means an individual, partnership, corpora-  
12 tion, or association that is awarded a contract; or a nonprofit  
13 organization, local office of the ~~department of social services~~  
14 FAMILY INDEPENDENCE AGENCY, or political subdivision of this  
15 state which after the effective date of this act is designated as  
16 an agency that will distribute food coupons, and which is not  
17 distributing coupons on the effective date of this act.

18 Distributor does not include a nonprofit organization, local  
19 office of the ~~department of social services~~ FAMILY INDEPENDENCE  
20 AGENCY, or political subdivision of this state which is desig-  
21 nated to distribute coupons pursuant to section 8(2) and which on  
22 the effective date of this act is distributing food coupons.

23 (3) "Food stamp program" means the program created under the  
24 food stamp act of 1977, PUBLIC LAW 88-525, 20 U.S.C. 2011 to  
25 ~~2029~~ 2012 AND 2013 TO 2036, and the regulations promulgated  
26 under that act.

1 (4) "Recipient" means an individual determined to be  
2 eligible to receive coupons.

3 Sec. 5. (1) Except as provided in subsection (3) or section  
4 8(2), an individual, partnership, corporation, association, or  
5 political subdivision of this state shall not issue coupons to  
6 recipients without being awarded a contract under this act.

7 (2) As determined by the department of management and  
8 budget, a contract with a distributor shall be for a period of at  
9 least 1 year except as provided in this subsection. No contract  
10 shall exceed a period of 5 years. A contract with a distributor  
11 may be for a period of less than 1 year if it is awarded during a  
12 state fiscal year for a period which ends on the last day of the  
13 state fiscal year.

14 (3) The ~~state department of social services~~ FAMILY INDE-  
15 PENDENCE AGENCY may allow an individual, partnership, corpora-  
16 tion, or association that issued coupons in a distribution area  
17 before the effective date of this act to continue to issue cou-  
18 pons until a distributor is selected for the distribution area  
19 and begins issuing coupons.

20 Sec. 7. (1) For each distribution area in this state, the  
21 department of management and budget shall issue requests for quo-  
22 tations, bid forms, and other printed information necessary for  
23 gathering bids and supporting information. The forms and printed  
24 information shall explain clearly the standards and criteria and  
25 procedures used for selecting distributors, the duties of a dis-  
26 tributor, and the penalties and liabilities imposed on a  
27 distributor by this act.

1 (2) A bid form and supporting information required of an  
2 applicant shall be submitted by the applicant to the department  
3 of management and budget by sealed bid.

4 (3) An official or employee of the department of management  
5 and budget shall not solicit or accept a bid for any distribution  
6 area after the sealed bids for that distribution area have been  
7 opened. An officer or employee of the department of management  
8 and budget or the ~~state department of social services~~ FAMILY  
9 INDEPENDENCE AGENCY shall not advise any applicant in a way that  
10 gives the applicant an advantage over another applicant.

11 Sec. 8. (1) After evaluating the qualifications of all  
12 applicants for a distributorship, the department of management  
13 and budget shall determine, for each distribution area, which  
14 applicant meets the standards and criteria established by the  
15 department, demonstrates the ability to satisfy the requirements  
16 of section 9(a) to (g), and has submitted the lowest bid for a  
17 distribution area. The department of management and budget may  
18 seek the technical input of the ~~state department of social~~  
19 ~~services~~ FAMILY INDEPENDENCE AGENCY in evaluating the qualifica-  
20 tions of applicants.

21 (2) A nonprofit organization, a local office of the  
22 ~~department of social services~~ FAMILY INDEPENDENCE AGENCY, or a  
23 political subdivision of this state may be designated as the  
24 agency that will distribute coupons in an area without submitting  
25 a bid if the nonprofit organization, local office of the  
26 ~~department of social services~~ FAMILY INDEPENDENCE AGENCY, or  
27 political subdivision meets the requirements of section 9(a) and

1 (b) and is distributing coupons on the effective date of this  
2 act.

3 (3) The department of management and budget shall supply the  
4 identities of the distributors selected to the ~~state department~~  
5 ~~of social services~~ FAMILY INDEPENDENCE AGENCY. The department  
6 of management and budget shall be the contracting agency for the  
7 state.

8 Sec. 9. A contract shall require a distributor to do or  
9 comply with not less than all of the following:

10 (a) Require fidelity bonds of those employees of the dis-  
11 tributor who, according to standards established by the depart-  
12 ment of management and budget, are involved with the distribution  
13 of coupons.

14 (b) Maintain and supply proof of insurance against destruc-  
15 tion, theft, and robbery in amounts adequate to cover loss of the  
16 maximum value of coupons that would be at the distribution site  
17 or under the control of the distributor at any time.

18 (c) Provide security measures at the distribution site that  
19 adequately protect recipients while on the distribution site.

20 (d) Demonstrate financial solvency sufficient to ensure con-  
21 tinued operation during the contract period.

22 (e) With respect to all bids submitted after the effective  
23 date of this act, not maintain a financial or business relation-  
24 ship with, or share retail space or maintain adjoining retail  
25 space with, a retail food establishment.

26 (f) Be registered to do business in this state, if otherwise  
27 required by law.

1 (g) Make the distribution site accessible to ~~handicapped~~  
2 persons WITH DISABILITIES.

3 (h) Operate the distribution site in compliance with state  
4 and local health, building, or zoning ordinances.

5 (i) Make available to inspection by the ~~state department of~~  
6 ~~social services~~ FAMILY INDEPENDENCE AGENCY the distributor's  
7 coupon inventories and coupon inventory records.

8 Sec. 10. (1) The contract shall provide that the department  
9 of management and budget, on giving not less than 30 days'  
10 notice, may cancel a contract if the distributor fails to meet  
11 any requirement prescribed in section 9, except that any failure  
12 to comply with section 9(a) and (b) shall not require 30 days'  
13 notice before cancellation. The ~~state department of social~~  
14 ~~services~~ FAMILY INDEPENDENCE AGENCY shall inform the department  
15 of management and budget of any distributor that fails to meet  
16 any requirement prescribed in section 9.

17 (2) A distributor that receives notice of intent to cancel  
18 the distributor's contract may appeal the cancellation pursuant  
19 to the administrative procedures act of 1969, ~~Act No. 306 of the~~  
20 ~~Public Acts of 1969, being sections 24.201 to 24.328 of the~~  
21 ~~Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO 24.328.

22 Sec. 11. (1) Beginning April 1, 1985, in each county in  
23 which at least 1 private sector distributor distributes coupons,  
24 the first 2 Saturdays of each month shall be considered eligibil-  
25 ity days for recipients, except that a Saturday that is a state  
26 or national holiday shall not be an eligibility day.

1 (2) As used in this section, "eligibility day" means a day  
2 on which recipients are entitled to receive coupons through  
3 on-line access to the central computer as determined by the  
4 ~~state department of social services~~ FAMILY INDEPENDENCE  
5 AGENCY.

6 Sec. 12. The ~~state department of social services~~ FAMILY  
7 INDEPENDENCE AGENCY may require a distributor to relocate its  
8 distribution site to another location within a distribution area,  
9 but the ~~state department of social services~~ FAMILY INDEPENDENCE  
10 AGENCY shall pay the cost of the relocation.

11 Sec. 13. The ~~state department of social services~~ FAMILY  
12 INDEPENDENCE AGENCY, within 15 days after the end of each month  
13 or receipt of the billing statement from the distributor, which-  
14 ever is later, shall pay compensation to a distributor for cou-  
15 pons distributed during the month. The ~~state department of~~  
16 ~~social services~~ FAMILY INDEPENDENCE AGENCY may suspend payment  
17 of compensation to a distributor that cannot account for all cou-  
18 pons received for distribution during the preceding month.

19 Sec. 15. The ~~state department of social services~~ FAMILY  
20 INDEPENDENCE AGENCY shall conduct a quarterly accounting of all  
21 coupons received from the United States department of agricul-  
22 ture, and shall report not later than December 31 of each year to  
23 the chairpersons of the senate and house appropriations commit-  
24 tees on the number of coupons, if any, that cannot be accounted  
25 for and for which the state bears liability.

**SB0400, As Passed House, February 25, 1998**

S.B. 400 as amended February 24, 1998

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1       Sec. 16. A distributor is liable to the ~~state department~~  
2 ~~of social services~~ FAMILY INDEPENDENCE AGENCY for the value of  
3 all coupons lost while under the distributor's control.

4       Sec. 18. The ~~state department of social services~~ FAMILY  
5 INDEPENDENCE AGENCY and the department of management and budget  
6 shall comply with the food stamp program in implementing this  
7 act.

8       Sec. 19. (1) The ~~state department of social services~~  
9 FAMILY INDEPENDENCE AGENCY shall explore the establishment of a  
10 mail issuance program for recipients who are [~~handicapped~~ DISABLED],  
elder-  
11 ly, would have to travel more than 1 hour each way to a food  
12 stamp distribution site, or are otherwise unable to travel to a  
13 distribution site.

14       (2) The ~~state department of social services~~ FAMILY INDE-  
15 PENDENCE AGENCY shall assist county ~~departments~~ FAMILY INDEPEN-  
16 DENCE AGENCIES in establishing an authorized representative  
17 system to assist recipients who are unable to travel to food  
18 stamp distribution sites. The ~~department~~ FAMILY INDEPENDENCE  
19 AGENCY shall cooperate with local organizations in order to  
20 establish such a system.

21       (3) The ~~state department of social services~~ FAMILY INDE-  
22 PENDENCE AGENCY shall monitor the on-line issuance program to  
23 determine if recipients are not receiving food stamps because  
24 they are unable to travel to distribution sites. The  
25 ~~department~~ FAMILY INDEPENDENCE AGENCY shall make recommenda-  
26 tions to the legislature to improve the distribution program and

1 make it more accessible to eligible recipients who are unable to  
2 travel to distribution sites.

3       Sec. 20. The ~~state department of social services~~ FAMILY  
4 INDEPENDENCE AGENCY shall establish in each county participating  
5 in the on-line food stamp distribution program a monitoring com-  
6 mittee consisting of representatives of the distributor, the  
7 county social service office, and food stamp recipients. Each  
8 committee shall:

9       (a) Continually review the administration of the program and  
10 its impact on recipients;

11       (b) Develop alternatives to reduce hardships and problems to  
12 recipients which may be created by the on-line issuance program;

13       (c) Make recommendations and help develop and utilize commu-  
14 nity resources to provide round trip transportation for food  
15 stamp recipients when the distribution site is inaccessible to  
16 them;

17       (d) Make recommendations regarding establishment of addi-  
18 tional distribution sites;

19       (e) Evaluate the authorized representative system and make  
20 recommendations for its improvement.