

# Families First Electronic Benefit Transfer (EBT) Location Restrictions

**Policy 23.12**

**Effective: October 15, 2023**

## Introduction

Families First customers shall not use their Electronic Benefit Transfer card to access Families First benefits at any restricted location.

## Scope

This policy outlines the location restrictions for using Electronic Benefit Transfer cards by Families First customers.

## Policy

### Restricted Locations

Families First customers are prohibited from knowingly using public assistance benefits from an Electronic Benefit Transfer (EBT) card at the following locations:

1. Liquor stores;
2. Gambling, casino, and/or gaming establishments;
3. Adult Cabarets; or
4. Tobacco discount and/or retail stores.

### Location Exception

Families First customers may use an Automated Teller Machine (ATM) machine located in a Tobacco Discount/Retail store.

### Customer Notification of the Law

Families First customers will be notified in writing when a new restricted category is added to the EBT card.

### Customer Sanction

Any Families First customer who participates in an EBT transaction in any restricted location shall be subject to the following penalties if found guilty of an illegal transaction in an administrative hearing:

1. For a first (1<sup>st</sup>) or second (2<sup>nd</sup>) violation(s), the Families First customer will be required to reimburse the amount of the purchase at a Point of Sale (POS) device or the amount of the cash withdrawn and used from an ATM or other online system.
2. For third (3<sup>rd</sup>) or subsequent violation(s):
  - a. The Families First caretaker will be required to reimburse the amount of the purchase at a POS device or the amount of the cash withdrawn and used from an ATM or other online system;
  - b. The caretaker will be permanently ineligible to use an EBT card for the purpose of accessing their Families First cash benefits; and
  - c. A protective payee will be designated to access and manage the Families First benefits.
  - d. A caretaker found guilty of a third (3<sup>rd</sup>) or subsequent violation will continue to be included in the assistance unit (AU), and the violation will not result in a reduction in the Families First grant.
3. Any illegal EBT transaction will be classified as an overpayment and as an illegal use violation that will result in the initiation of collection proceedings.

### Merchants of Restricted Locations

It is illegal for any person or business entity, whether owned or leased, to knowingly accept public assistance benefits from an EBT card for the purchase of any goods or services in the following locations:

1. Liquor stores;
2. Gambling, casino, and/or gaming establishments;
3. Adult Cabarets; or

4. Tobacco discount and/or retail stores.

**Merchant Notification of the Law**

Merchants who may be impacted by changes in EBT usage restrictions will be notified in writing when a new restricted category is added to the EBT card.

**Merchants Penalties**

Merchants found in violation of knowingly accepting public assistance benefits from an EBT card in prohibited locations will be subject to the following penalties:

1. The first (1<sup>st</sup>) violation will result in a civil penalty of one thousand dollars (\$1,000).
2. The second (2<sup>nd</sup>) violation within five (5) years of the first violation will result in a civil penalty of twenty-five hundred dollars (\$2,500).

3. A third (3<sup>rd</sup>) or subsequent violation within five (5) years will result in a civil penalty of five thousand dollars (\$5,000).
4. The Tennessee Department of Human Services (TDHS) Office of General Counsel (OGC) may refer the person or business entity that is in violation to the district attorney, who may bring an action to suspend the business license and permits of the person or business entity for one (1) year.
5. The TDHS Office of General Counsel may also bring a civil action to enforce any civil penalties assessed to any person or business entity in a complaint filed in the chancery court of the county where the person or business entity is located.

**Supporting Documents**

[HS-2612 Personal Responsibility Plan](#)

**Definitions/Acronyms**

Term	Definition
<b>Adult Cabaret</b>	An establishment that features, as a principal use of its business, entertainers, waiters, or bartenders who perform their jobs partially clothed. This definition includes commercial establishments that feature entertainment of an erotic nature, including exotic dancers, strippers, male or female impersonators, or similar entertainers.
<b>Casinos, gaming establishments, and/or gambling casinos</b>	These three terms are defined as establishments with the primary purpose of accommodating the wagering or gambling of money. These terms do not include either:  Grocery stores that sell groceries, including staple foods, and which also offer casino, gambling, or gaming activities, or are located within the same building or complex as a casino, gambling, or gaming establishment; or  Any other establishment that offers casino, gambling, or gaming activities incidental to the principal purpose of the business.
<b>Liquor stores</b>	Any retail establishments that sell exclusively or primarily intoxicating liquor. The term “liquor store” does not include a grocery store that sells both intoxicating liquor and groceries, including staple foods
<b>“Located in”</b>	An ATM, POS device, or other online system used for the withdrawal of funds or processing of payments is “located in” a liquor store, casino, gambling casino, gambling establishment, or adult cabaret when the ATM, POS device, or other online system is located on any part of the merchant’s business property either owned or leased by the merchant.
<b>Tobacco Discount and or/Retail Store</b>	Licensed retail stores derive their largest category of sales from loose tobacco, cigars, cigarettes, pipes, and other smoking accessories, regardless of the product purchased.

Abbreviation	Expansion
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<b>ATM</b>	Automated Teller Machine
<b>EBT</b>	Electronic Benefit Transfer
<b>POS</b>	Point of Sales
<b>TDHS</b>	Tennessee Department of Human Services

### Supersedes

Policy 23.11 Families First Electronic Benefit (EBT) Location Restrictions eff. date 10/31/2016

### Approval History

Approved By	Approver Title	Approved Date	Effective Date
Clarence Carter	Commissioner	10/09/2023	10/15/2023
Tracy Bell	Chief Officer of Workplace Development	10/31/2016	10/31/2016
Tracy Bell	Chief Officer of Workplace Development	03/08/2016	07/01/2016

### Revision History

Date	Version	Location of Change	Description/Reason for Change
10/09/2023	10/15/2023	Introduction, Policy Section, and Definitions.	Clarified language throughout. Moved procedures to the procedure manual.
10/31/2016	10/31/2016	Policy Section	Renumbered policy, clarified language
03/08/2016	07/01/2016	N/A	New Policy

<b>Approved By</b>	<i>Clarence H. Carter</i>	<b>Approval Date</b>	10/09/2023
<b>Authority</b>	42 U.S.C § 608(a)(12) 45 C.F.R. § 264.60 Tenn. Code Ann. § 71-3-126, 7-51-1102 Tenn. Comp. R. & Regs. 1240-01-58	<b>Effective Date</b>	10/15/2023
<b>Application</b>	All TDHS Family Assistance Staff and Contractors		