

STATE OF NEW YORK
LIQUOR AUTHORITY

To: Off-premises liquor (“package store”) licensees
Off-premises wine (“wine store”) licensees
On-premises licensees providing adult entertainment
“C” beer wholesalers selling beer at retail

Subject: EBT Transactions in licensed premises

The federal Middle Class Tax Relief and Job Creation Act of 2012 requires states to put in place policies and procedures to prevent federal public assistance benefits distributed by states from being used in any electronic transaction at designated types of businesses, including certain establishments that sell alcoholic beverages. New York issues its cash public assistance to eligible citizens through a system known as Electronic Benefit Transfer (EBT).

EBT operates on the private sector commercial debit/credit infrastructure that encompasses automated teller machines (ATMs) and point of sale (POS) devices at checkout counters in retail stores. Using EBT, public assistance recipients can withdraw all or a partial amount of their cash assistance from an ATM. They also can use the card to debit their cash account for purchases and cash back transactions at POS devices in any number of retail outlets that accept the EBT card.

To comply with the federal law, Governor Cuomo has signed legislation¹ prohibiting certain licensees from accepting an EBT card for payment. The new legislation, which becomes effective on May 30, 2014, applies to the following types of licensed premises:

- Off-premises liquor (“package store”);
- Off-premises wine (“wine store”);
- “C” beer wholesaler (a beer wholesaler who is allowed to sell beer at retail; and

¹ Chapter 58 of the laws of 2014 (Part H)

- On-premises liquor, wine or beer that allows entertainers to appear unclothed as permitted by the rules of the Authority.

These licensees must ensure access to electronic cash purchases from EBT accounts is disabled at their licensed premises. A licensee that has POS service already has an existing contract with a third party processor that routes electronic transactions through the commercial debit and credit networks. The licensees listed above must contact that third party processor and request that the third party processor disable or remove EBT access from the licensee's account. Once the EBT access has been disabled, an EBT cardholder who attempts to use the card at one of the terminals will receive the same message that any other customer with a non-participating debit/credit card would receive, and the card simply will be declined.

In the case of a "C" beer wholesaler and an on-premises licensee that allows entertainers to appear unclothed as permitted by the Rules of the Authority, there may also be an ATM on the licensed premises. Separate action is required to ensure that EBT cardholders are not able to withdraw money from ATMs at these locations. These licensees should contact the financial institution that is part of the licensee's contract for ATM services and request that the financial institution add the New York EBT card's unique Bank Identification Number (BIN), which is 600486, into their system and flag it as an unacceptable transaction. Once the BIN has been uploaded into the system, an EBT cardholder who attempts to use the card at those ATMs will be declined.

Please note that a violation of this new law will subject the licensee to possible disciplinary action, which may include revocation, cancellation or suspension of the license.

A licensee who has any questions or needs assistance in implementing EBT card blocking can contact Al Rios at the New York State Office of Temporary and Disability Assistance by phone at: 518-473-9696 or via e-mail at: al.rios@otda.ny.gov.

This advisory replaces and rescinds: Advisory #2014-1, adopted by the Members of the Authority at the January 3, 2014 Full Board meeting; and Advisory 2014-3, adopted by the Members of the Authority at the January 28, 2014 Full Board meeting.