

The “A to Z” of EBT, Credit and Debit Cards in Washington State

Chapter 7: Accepting “Multiple Currencies” at Your Farmers Market

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Washington farmers markets are giving shoppers the option to pay with “plastic” whether it is Electronic Benefit Transfer (EBT) cards or credit and debit cards. In 2015, 78% of WSFMA member markets accepted SNAP EBT and 73% of all markets accepted credit and/or debit cards. This is an increase from 46% and 32%, respectively, in just four years. There are compelling reasons to offer these payment options at your market and legitimate concerns about the cost and liability to your market.



Token from the Port Townsend Farmers Market.

Should your market accept credit/debit cards and EBT? This article outlines key considerations, explains current options, and shares creative tools developed by Washington farmers markets. Naturally, increasing vendor sales is a major motivation. Shoppers commonly report “running out of cash” as the reason they don’t buy more at farmers markets. Conveniently offering credit/debit services in the market makes it easy for shoppers to keep shopping. And by accepting EBT at your market, you increase your shopper base and directly contribute to your local community food security. On the other hand, these programs can be a lot of work! The process of setting up your market to accept EBT, credit and/or debit cards can be technical, confusing, and subject to change. It’s not a linear step-by-step process. You may even be working on various steps at the same time!

Pop Quiz: What are “food stamps” called in Washington State?

- a. Food stamps
- b. Basic Food Program
- c. EBT card
- d. Washington Quest Card
- e. Supplemental Nutrition Assistance Program
- f. All of the above

Indeed, the answer is “f” - all of the above. However, the term “food stamps” is still the most commonly used term, especially among the more than 1.1 million Washington residents who received monthly food stamp benefits in 2014.

EBT stands for “Electronic Benefits Transfer” and refers to the way that public assistance benefits are distributed and redeemed. The 1996 Farm Bill required states to phase in an Electronic Benefit Transfer (EBT) debit card system for food stamps or SNAP.

Washington State started using EBT for food stamp benefits in 1999. EBT cards look and act like a regular bank debit card. The same EBT card may also be used for Temporary Assistance for Needy Families (TANF), another public assistance program.



The fine print: In Washington State, we also have a State Food Assistance (SFA) program. It is managed by DSHS and like SNAP, people receive benefits on their EBT card. Farmers markets do not have to do anything differently for the SFA program. It acts just like SNAP.

Is Accepting EBT and/or Credit/Debit Cards Right for Your Market?

OPPORTUNITIES	EBT	Credit/ Debit
Increase sales by giving people more ways to shop at the market.	X	X
Differentiate your market by providing this service to your customers.	X	X
Accept registration, entry or other fees at special events.		X
Enable low-income customers with food stamp benefits to spend them at your farmers market.	X	
Cultivate community partnerships with food banks, local WIC clinics, nutrition and other advocates.	X	
Help your market to receive grants to serve low-income populations.	X	
Participate in projects that are currently available to cover some of the set up costs, promotions and/or provide matching/incentive funds.	X	

CHALLENGES	EBT	Credit/ Debit
Significant learning curve to master the terminology and all the new acronyms.	X	X
Navigating and negotiating processor contracts, fees and options.	X	X
Expense of equipment, supplies, and promotions.	X	X
Added demands on market or vendor staff on market day and additional time needed for accounting and recordkeeping throughout the season.	X	X
Raising awareness about EBT at the market with vendors, food stamp recipients, and community partners.	X	
Requires that someone assumes legal responsibility with USDA's Food and Nutrition Service.	X	
Requires market to sign and assume responsibility for agreement with merchant service provider/bank.	X	X

Starting an EBT and Credit/Debit Card Program

Starting an EBT and/or credit/debit card program requires considerable decision-making and planning. This flow chart maps out some of the key decisions and actions for your market to ensure the highest likelihood of success.

TIP: *Work with your market board, steering committee, or sponsor throughout the entire planning process. An EBT and/or credit/debit program will impact every aspect of your market operation. Keeping your team involved reduces miscommunication and potential mistakes.*

Question 1: Does your market have the leadership, administrative capacity, staffing for new duties, and financial resources to get started?

If NO

Network with other farmers market managers to explore options or contact the WSFMA for training opportunities.

If YES

Apply for a USDA Food and Nutrition Services permit to become authorized to accept EBT cards. This process can take up to eight weeks to finalize.

Question 2: Does your market want to accept “EBT only” or “EBT and credit/debit” cards?

a) If “EBT only”

For a free wireless POS machine and free processing, work with WA State Department of Social and Health Services (DSHS).

If “EBT and Credit/Debit”

Contact the Farmers Market Coalition to ask about their “Free SNAP EBT Equipment Program.” OR
You can research a merchant service provider and equipment on your own.

Question 3: What new policies and management practices does your market need for its EBT and/or credit/debit program?

- ☐ Develop new policies and management practices.
- ☐ Get buy-in from vendors.
- ☐ Connect with community partners and shoppers who can help promote new services.
- ☐ Develop new signage and outreach materials to market the new services at your market.

Big Picture Questions As Your Market Gets Started

Leadership: Getting set up to accept EBT and/or credit/debit cards can take considerable time and effort. Does your market have someone who will spearhead this effort and follow through on all the steps involved? It can be the market manager, a board member, a partner organization or even a very strong, committed volunteer. The important priority is that the person is committed to the full implementation.

Administrative Capacity: Does your market have the ability to keep precise and timely records, manage accounts, and reimburse vendors? This is an especially important requirement when accepting EBT since SNAP benefits are a federal program. USDA is very concerned about fraud and misuse of public dollars and they expect accurate recordkeeping and management.

Ongoing duties: During the market season, an EBT and/or credit/debit program requires additional bookkeeping and someone responsible at your information booth at all times. Does your market have staff or volunteers who can take on these new duties?

Financial resources: There are startup costs, ongoing costs, and new liabilities associated with accepting EBT and/or credit/debit cards. The good news is that funders are currently very supportive of these efforts. In Washington, the DSHS and Farmers Market Coalition are currently offering programs that pay for some costs. The question is how will your market pay for these new services in both the short and long-term?

To EBT or Not to EBT?

Considerations when deciding whether to set up an EBT program at your market include:

- ☐ Is there demand at your market for this service? Are people stopping at the market info booth asking about EBT? Are shoppers asking vendors if they accept EBT cards? Managers will need to ask vendors about this as they might not think to volunteer this information.
- ☐ Is serving low-income shoppers, addressing local hunger issues, or building community food security part of your market’s mission?
- ☐ What is the market’s current or potential shopper base? Is the market located in a neighborhood with low income residents? Do you currently have WIC or Senior FMNP at your market? Often these customers also have EBT benefits that could be used. Does your neighborhood include people who receive SNAP or food stamps? If you’re not sure, ask your local food bank, anti-poverty program, or DSHS office.

If you would like to know which farmers markets in Washington already accept EBT, the WSFMA’s print and online directories list member markets that accept SNAP EBT, WIC and Senior FMNP checks, and/or credit/debit cards: To find a market click on the farmers market map at www.wafarmersmarkets.org. .

Should Your Market Accept Credit and Debit Cards?

Farmers markets that accept both EBT and credit/debit cards find that most transactions – over 80% – are for credit/debit cards. As such, offering the credit/debit service usually creates the largest impact on both vendor sales and market operations. Nevertheless, it is important to think through whether your particular market has the need and capacity to manage a new credit/debit card service. Key questions include:

- ☐ Where can shoppers get more cash when they run out? How far away is an ATM?
- ☐ If shoppers leave the market to find an ATM, what is the likelihood that they will return to make a purchase?
- ☐ Is there an option to bring in a temporary ATM?
- ☐ If credit/debit is successful, do you have the staffing for it?

You may even have an ATM or bank on the same street, such as at the Kittitas County Farmers Market in Ellensburg. If you do, be sure to put out good signage so that shoppers know where to find it. Some markets, such as the Vancouver Farmers Market, opt to bring in a temporary ATM machine for shopper convenience.

Programs Offering EBT and/or Credit/Debit help for Farmers Markets

Department of Social and Health Services

Washington Department of Social and Health Services (DSHS) has a program to help farmers markets and direct marketing farmers accept EBT. The program provides a wireless POS machine for markets to accept EBT cards. Costs for the machine and transaction fees are free. These machines will not accept credit or debit cards. State programs may change. Please call Des Boucher (509) 241-3633 or Mark Hill at (360) 725-4555 with DSHS to find out if they have any special programs that might be available for markets.

Farmers Market Coalition “Free SNAP EBT Equipment Program”

The Farmers Market Coalition is a national nonprofit dedicated to supporting farmers markets and farmers market associations throughout the United States. They have been on the forefront of sharing information about EBT and credit/debit card technology. The Farmers Market Coalition is currently partnering with the USDA to support markets and

farmers to get set up to accept EBT and/or credit/debit cards. The program is open to newly authorized farmers markets and direct-marketing farmers, in addition to those looking to replace broken or nonfunctional equipment. The program pays for many of the start-up costs for three years. Three features of this plan are that 1) markets must enter a contract with FMC for three years; 2) the cost support they provide diminishes each year; and 3) markets can select the technology and merchant service provider that works best for them from one of four providers that the FMC has vetted and approved. The FMC program provides more upfront costs in Year 1 and has the market take more and more of the costs on each year. For the most current information, please contact the FMC or visit: <https://farmersmarketcoalition.org/programs/freesnapebt/>

Sample Expenses for Accepting “EBT Only” at Farmers Markets in Washington State

	Expense	Estimate
Start Up Expenses	Point of Sales Card Reading Equipment	Free from Washington State Department of Social and Human Services (DSHS)
	Tokens	EBT programs typically start with \$1.00 tokens and add \$5.00 (or other) increments later Markets may print 500-1,000 in Year 1 Cost starts at \$100 Many markets budget at least \$150
	Signage and materials at the market	Banners, posters, adding logos to website Information and flyers at the market’s information booth Many markets try to budget at least \$750 to start
Ongoing Expenses	Renting machine and transaction fees	Free. This service is covered by DSHS. EBT transaction fees are covered as part of the state program.
	Marketing and Building Relationships	Staff time to meet with local food banks, clinics, programs for low-income families and seniors, schools and faith based organizations who can help promote EBT at the farmers market.
	Bookkeeping and accounting, tracking tokens, reimbursing vendors, reporting	The average is around two hours per week if the market is doing EBT only. However, this varies by market.

Sample Expenses for Accepting “EBT and Credit/Debit” at Farmers Markets*

	<i>Technology Expense</i>	Wireless Machine	Landline
Start Up Expenses	Point of Sales Card Reading Equipment	\$500 – 800 to purchase \$20 - \$40 per month to rent	Must have access to telephone line and electricity hook up
	Account set up	\$75.00 average cost (with processor)	
	Additional equipment and supplies	Expect to spend about \$200 for additional equipment and supplies, including: <ul style="list-style-type: none"> • Extra battery; • Carrying case; • Paper for receipts. 	
	Tokens	<ul style="list-style-type: none"> • EBT programs typically start with \$1.00 tokens and add \$5.00 (or other) increments later • Credit/Debit requires a second set of tokens • Typically for \$5.00, \$10.00, and/or \$20.00 • Many markets budget at least \$300 for tokens 	
	Signage and materials at the market	<ul style="list-style-type: none"> • Banners, posters, adding logos to website • Information and flyers at the market’s information booth • Many markets try to budget at least \$750 for marketing 	
Ongoing Expenses	Possible fixed fees <i>Check with the merchant service provider to find out which of these fees they charge</i>	<ul style="list-style-type: none"> • PCI Compliance Security fee: \$25 to \$90 per year (paid either monthly or annually) • Monthly statement fee • End Season Suspension of Service Fee: varies from \$0 to \$75 each time. • Wireless access fee: \$15 to \$25 per month (none for POS terminals that are landlines) 	
	Per transaction fees	Vary per processor. Typically, for credit cards, markets will be charged a flat fee and a percentage of the sale amount for each transaction.	
	Marketing and Building Relationships	Staff time to meet with local food banks, clinics, programs for low-income families and seniors, schools and faith based organizations that can help promote EBT at the farmers market.	
	Bookkeeping and accounting, tracking tokens, reimbursing vendors, reporting	The average is around two to five hours per week.	

* The Farmers Market Coalition currently has a program that can help subsidize the cost of wireless technology for many farmers markets and direct marketing farmers that want to accept EBT and credit/debit cards.

DON'T DELAY

Apply Early for Your FNS Number to Accept EBT

In order to accept EBT (food stamps), farmers markets are required to apply and get a “FNS Permit” from the USDA Food and Nutrition Services (FNS). The FNS permit number helps the federal and state agencies monitor the integrity of the food stamp program. (Farmers are also eligible to get a FNS permit if they plan to accept EBT directly themselves.)

There is no charge for the FNS permit. According to their website, “You can complete the online application in as little as 15 minutes. It’s so easy.” Even if the application is “so easy,” you should allow *at least four to eight weeks* before you receive your FNS permit. You should also allow an additional two weeks to receive your equipment.

The FNS website with information on how to accept SNAP Benefits at Farmers Markets is <http://www.fns.usda.gov/ebt/snap-and-farmers-markets>. You can also call the FNS’s special line for farmers markets and direct marketing farmers at (312) 353-6609.

According to FNS, farmers markets have a three step application process.

1. Get a USDA account;
2. Fill out an application online; and
3. Mail your supporting documentation to FNS to complete your file.

The FNS application asks for up to four people’s names, social security number, and identification. However, they will accept this information from only one person. The person selected needs to be available if the FNS has a question. Please note that Washington is a “community property state.” This means that the spouse of the person whose name is used on the FNS application is also required to submit his or her social security number and identification. However, if the market is operated by a government or is a federally incorporated nonprofit (501c), it may provide alternative documentation in place of a SSN.

If the contact person(s) or any address on the original FNS application changes, the FNS needs to be notified and given updated information. It is a good idea to pick a contact who anticipates being around for a long time to minimize the need to update the market’s FNS information.

Once your market is approved, you’ll receive your FNS permit and a packet of training materials. The permit is ongoing and doesn’t expire; however, it may be terminated if there is no activity on it for 12 months. In such cases, the market would have to re-apply for a new number. If a market is owner-operated and ownership changes hands, a new FNS permit will be required

Setting Policies and Getting “Buy-In” for a New EBT and/or Credit/Debit Program

Once the market management has decided whether to offer “EBT only” or “EBT and credit/debit,” we recommend making sure that your vendors understand and agree with these plans. Discussing opportunities and challenges with the key people up front can help reduce the reluctance that tends to accompany change and make sure everyone understands the impacts of this change. Many markets have found that written agreements are useful and may help avoid misunderstandings and miscommunication.

Market management

Depending on how your market is incorporated, the program leaders may be your board of directors, an advisory group, steering committee, or other market sponsors, advocates and organizers. As previously mentioned, running an EBT and credit/debit program at the farmers market requires additional time, record keeping, promotion and financial liability. Markets should also be clear upfront about any new policies that might be needed. When designing how your program will work, consider the following questions:

- ☐ Will vendors be required to participate in the EBT and credit/debit token program? Or will it be voluntary? Think about this question from shoppers’ perspective: what is easier for them? What will make more shoppers happier and encourage them to buy more food? Keep in mind that how you present your EBT and credit/debit token program will reflect on your market as a whole. If you have some vendors that don’t participate, will it be confusing or frustrating to shoppers? How will you handle this situation?
- ☐ Will vendors be allowed to pay for their stall fees with market tokens?
- ☐ How frequently will vendors be reimbursed? Some markets reimburse their vendors on a weekly basis and others tend to do so monthly. The frequency may depend on your bookkeeping system and whether you have a trained bookkeeper or accountant working for your market. For many small markets, it is more straightforward to reimburse vendors each week, without having to accumulate balances over time.
- ☐ Do you have a bookkeeper to track the transactions, reimburse vendors and balance the records?
- ☐ How will the market cover the costs associated with this program?
- ☐ If the farmers market is incorporated as a federal nonprofit or government agency, it may be able to submit their Letter of Determination or other documents, instead of a Social Security Number. In all other cases, a Social Security Number is required. Whose name(s) and Social Security number(s) will be on the FNS application? Our recommendation that people from the market leadership be listed as the responsible parties on the permit (i.e., board officers/committee members). We do

not recommend that the market manager’s name and social security number is used.

- ☐ Who will be responsible for managing the EBT and/or credit/debit program for the market?
- ☐ How will you staff this program on market day? Someone will need to be at the market info booth and available at all times. Will you use volunteers, representatives from partner organizations or paid staff to do this?

Vendors

Letting vendors know “why” the market is going to offer EBT and/or credit/debit is very helpful. One of the reasons may be that the market is adopting this program to increase vendor sales. Remind vendors that the market is paying for and shouldering most of the work in managing the EBT and credit/debit program. If you plan to charge vendors for this service, make sure to explain this to them early in the process. Regardless, some vendors may be hesitant or unwilling to participate. Other markets have found that these vendors will likely change their minds once they realize they are losing sales by not accepting the EBT or credit/debit tokens.

New Technologies

New technologies such as the Square card reader for smart phones are making it easier and cheaper for vendors to accept credit/debit cards directly from shoppers. Should vendors be encouraged to accept credit and/or debit cards directly or should the market create its own token program to accept credit/debit cards? In reality, both options are commonly available at markets. This creates more options for shoppers, vendors and ultimately the market itself.

Key Questions When Comparing Merchant Service Providers

If you are doing both EBT and credit/debit, you will need to select a **Merchant Service Provider** to provide the card swiper equipment, process transactions, and deposit money in your bank account. This is true even if you use the FMC program to get started. Finding the right processor for your EBT and credit/debit card reader (whether wireless, smart phone/tablet or a landline) is no easy task. If your market is doing EBT only, then the State can provide the equipment and processing services. Based on market experience, this is the cheapest and easiest approach.

The Merchant Service Provider is the company that offers electronic card processing services. Researching which Merchant Service Provider to use is an important step in your process of setting up a new service. Key questions include:

- ☐ Does the processor’s wireless provider have a strong signal at your market site?
Not all processors use the same providers and checking the compatibility is

important, especially in more rural areas. Typically, the processor can tell you if their service is comparable to cell service for major carriers such as AT&T and Verizon. If you manage multiple market locations, be sure to check the signal at each of your market sites.

- ☐ Is the credit and debit card equipment “EMV capable”? EVM stands for “Europay Mastercard Visa.” This is the new chip card technology that you may have seen in your own credit card. It is the current standard in credit/debit card security. Markets need to use machines/smart phones/tablets that are “EMV Capable” to avoid any liability. The fine print has changed. If you are using an older machine that is not EMV capable and there is any form of fraud, *the market is liable*. (EBT cards have a different security system and machines that process EBT-only transactions, do not need to be EMV capable.)
- ☐ How much experience does the provider have working with farmers markets, farmers, and processing SNAP EBT transactions? This is critical to a smooth experience. A provider without adequate EBT processing experience can make implementation extremely difficult. Ask the prospective provider for references from other farmers market and farmer customers who use their device for EBT to check what other markets think.
- ☐ How good is their customer service? How easily can you reach a person who can answer your questions? Will you be able to reach someone on the weekends or evenings if that is when your market is open? How do they respond when there are billing problems or issues? When doing reference checks, ask other markets about this service.
- ☐ Ask for samples of the monthly statements. Can you easily understand them?
- ☐ How long is the service contract? At this point in time, contracts tend to be at least one year and may be three or even five years. With more competition for farmers market business, some companies are offering month to month rentals. If there is a contract, ask what the penalty is to leave the contract early. It can be very expensive to leave a contract early and may cost the market a couple hundred dollars. In general, a shorter term contract will provide a lot more flexibility since the processor market is so dynamic and technology changes so rapidly. Along with transaction fees, companies compete with each other by offering different lengths of contracts.
- ☐ Do you want to own your card reading device or rent one? If your market is open only part of the year, it may be cheaper to rent. Aside from the costs, renting could increase your flexibility and ability to upgrade equipment. However, if you have grant funds or can purchase the equipment, it will reduce your monthly

charges. In general, equipment tends to have a life expectancy of about two years.

- ☐ Ask how it works to turn off your machine or billing at the end of the market season. What are the fees to turn it on and off? What will you be charged while it is off?
- ☐ Is there any grant funding available to help purchase credit/debit and EBT equipment and supplies and get set up at farmers markets? Washington State has had several projects to help farmers markets get set up. In addition, USDA Farmers Market Promotion Program Grants have covered many EBT projects around the country. The WSFMA can help alert you to any current grant programs.

In addition to the equipment, the types of fees processors may charge include: a merchant account set up fee, wireless terminal set up fee, Annual PCI validation fee, Annual seasonal fee, security fee, reporting fee, access fee (for wireless), fee to turn off the equipment at the end of the season, and all of the transaction fees which have different rates for credit, debit and EBT cards. See “Sample Expenses for Accepting SNAP EBT and Credit/Debit at Farmers Markets.”

Below are four companies that have assisted Washington farmers markets. Keep in mind that each company uses different technologies, and the technology is not necessarily transferable between companies. World Pay also offers a SNAP app for smartphones and tablets. TSYS has worked with markets on several grant funded projects in Washington. DSHS contracts with FIS (Fidelity National Information Services) to handle all of the SNAP EBT transaction processing for Washington State.

As part of the “Free SNAP EBT Equipment Program,” the Farmers Market Coalition has vetted four merchant service providers including World Pay, TSYS, and Merchant Source. By working with FMC, markets getting set up for the first time will get the best possible deals from the merchant service provider. Contact FMC for more information. ebt@farmersmarketcoalition.org or their EBT hotline (877) 362-0553.

WorldPay®
www.worldpay.com

Amy Crone, MarketLink.org
(443) 212-8084



Jason Butts, Team Lead
(402) 602-4086

Chris Shanahan, Merchant Advocate
(800) 516-6242 ext. 4275



Kim Lyons, Business Relations Manager
(800) 313-5198

Owned by Fidelity National Information Services



Contact DSHS's Des Boucher at (509) 241-3633 or Mark Hill at (360) 725-4555



The transaction fees can be flexible! This is one place where merchant service providers can compete with each other. When your market has an established record of credit/debit transactions, ask your provider if they can reduce your fees.

In addition to these larger merchant service providers that work with many markets and farmers around the country, there are local merchant service providers companies that may have the experience to work with you. As with the larger companies, we recommend asking local companies all of the key questions outlined above.

Tracking Tokens and Keeping a Separate Bank Account

Managing tokens will require some additional bookkeeping and documentation. A best practice used by many markets in Washington and around the country is to set up a separate bank account for the token program. This greatly simplifies tracking activity, reconciling balances and reporting. Ideally, you should know where all tokens are at all times. Your tracking system should accurately track:

- ☐ How many tokens you have on hand at any given time;
- ☐ How many you distribute per market day;
- ☐ How many tokens are returned per market day; and
- ☐ How many tokens are outstanding or unredeemed at any given time.

Because SNAP is a taxpayer funded federal nutrition assistance program, the FNS requires a detailed audit trail so as to avoid any potential or perceived fraud.

As a “new currency” in your market, tokens should be treated just like cash. This means losing tokens is the same as losing cash.

Accounting templates to track tokens were first created through a WSU Specialty Crop Block Grant (2010-2013) and partnering with the Anacortes Farmers Market and Sheri Muntean, CPA. They have been updated and are available at www.foodfromfarms.org.

	EBT Tokens	Credit/Debit Tokens
<i>Amount of token (typical)</i>	\$1.00 and \$5.00	\$5.00, \$10.00 and/or \$20.00
<i>What can token be spent on?</i>	Eligible foods only	Any item in the market
<i>Does shopper receive change?</i>	No	Yes
<i>When do tokens expire?</i>	Never (until this changes)	Either “never” or, if it’s an option, a market may choose an expiration date.
<i>How many tokens does the market need?</i>	Our suggestion is to start with 1,000 of the \$1.00 token and, if needed, add the \$5.00 token.	Our suggestion is to start with 300 to 500 of the \$5.00 tokens.
<i>Where do you get tokens?</i>	Many markets in Washington use Old Time Wooden Nickel Company (www.wooden-nickel.com) in Texas.	



The Des Moines Farmers Market chose **red ink for the EBT tokens** to signal “stop and think” and **green ink for the credit/debit tokens** to signal “like cash and anyone can accept them.”

To avoid counterfeits, be sure to use a token company that requires authorization for reprinting and has some sort of security system in place.

Be sure to print your EBT and credit/debit tokens using different color inks. You want the tokens to be easy to distinguish at a glance to reduce errors and confusion. Some markets print the tokens in different colors. Another strategy is to use extra large tokens for credit/debit to help differentiate them from the EBT tokens (or vice versa).

Farmers market tokens can become like gift cards that get lost or people end up not using for whatever reason. As such, farmers markets may find that they accumulate unredeemed tokens on their balance sheet. This can represent a significant amount of cash to have on hand should everyone decide to redeem their tokens on the same market day. To reduce this liability, some markets have started adopting policies to “write-off” unredeemed tokens (EBT, credit and debit) if they have not been used for a set period of time.

IRS Record-Keeping & Tracking Reimbursements to Vendors

An IRS ruling (IRS 6050W) requires farmers markets to give vendors a IRS Form 1099 K for “Merchant Card and Third Party Network Payments” if the value of their total token transactions for the year, exceeds a “threshold” in terms of dollar value and volume of transactions. Please see the “Quick Test” below.

While most Washington markets will not have vendors who meet this threshold, managers need to keep adequate records of all reimbursements to vendors in order to document that the market is exempt from this IRS requirement.

QUICK TEST to determine whether your market is exempt from filing an IRS Form 1099 K

- 1) Do you have **50 or more farmers and vendors at your market who accept and redeem tokens?**
 - ☐ If no, then your market is exempt from filing a 1099-K to your farmers and vendors.
 - ☐ If yes, continue to question 2.
- 2) Does your market make reimbursements **200 or more times** to any one farmer or vendor during the year AND does the annual **total reimbursement to this vendor exceed \$20,000?**
 - ☐ If yes, then you must issue a 1099-K only to those particular vendors.
 - ☐ If no, then your market is exempt from this requirement.

How to Fund EBT and Credit/Debit Programs?

Given the lean budgets most farmers markets have, the question of how to cover the costs of offering EBT and/or credit/debit is significant. As a rule of thumb, the labor, fixed costs and variable costs tend to average out to about 5% of sales processed with the POS device. Each market figures out what works best for their organization, vendors and shoppers. Below are six general approaches.

1. **Shopper support via a token “rental fee” or donation:** Markets can ask shoppers to pay a “rental fee for service” to use the tokens received from using their credit or debit cards. *Note: This approach cannot be used with EBT cards.* The standard “rental fee” to use credit/debit tokens is \$1.00 or \$2.00. The trick is to be clear that the charge is for the use or “rental” of the tokens. Remind shoppers that this fee directly supports the market’s ability to provide this service to them.
2. **Shopper surcharge or checkout fee for using credit cards:** A 2012 class action lawsuit against Visa and MasterCard resulted in a settlement that allows merchants

in Washington (and some other states) to charge their customers a fee for using credit cards. This allows businesses to offset the expense of credit card processing fees; however, there are many rules and considerations to understand before deciding whether this option will work at your market. The article “Checkout Fee: Charging Credit Card Fees to Customers” does a good job explaining the rule; it is available at: <https://www.cardfellow.com/checkout-fees-charging-credit-card-fees-to-customers/>.

3. **Charging vendors an “administrative fee”:** Some markets ask vendors to pay a fee. One strategy is that markets charge a percentage (2 to 5%) of the total value of credit/debit tokens that the vendor redeems. So, if a vendor redeems \$100 in credit/debit tokens, she would be charged \$2.00 to \$5.00. In theory, this is a more progressive approach as it passes on costs to the vendors who are benefiting from getting credit/debit card processing for their business. However, if a shopper buys \$5.00 worth of apples with a \$20.00 token, then she gets \$15.00 in change from the vendor. Meanwhile, the vendor will be “charged” for the full value of the \$20.00 token. This has caused some push back at markets. One solution is to not have tokens valued over \$5 or \$10. An alternative strategy is for markets to charge all vendors a small fee (such as 1% of the market’s credit/debit sales). This spreads the cost of providing this service at the market to everyone, not just vendors who were paid with credit or debit tokens.
4. **Financial and in-kind contributions from community partners:** Given the direct service the EBT program offers to low-income shoppers, community partners may be willing to financially support or provide in-kind contributions to help off-set costs. This would require the market’s time and effort to develop. However, it avoids having to pass on costs to shoppers and vendors.
5. **Grants and fundraising:** The market might also consider applying for local grants and organizing fundraisers to help off-set operating costs. In Ellensburg, the farmers market was granted funds from the City to set up their EBT and credit/debit program. There have also been statewide and federal grants to help markets get set up with the EBT. The WSFMA will know about new opportunities at this level.
6. **Absorb the costs:** The market may also decide that offering the EBT and/or credit/debit to shoppers and vendors is an important enough service that they will absorb the costs. When possible, this is a simple solution. In theory, if the total market sales increase and the market charges stall fees based on a percentage of sales, the program should bring in additional revenue.

Promoting EBT and Credit/Debit at Your Market

Once your market has created a new EBT and/or Credit/Debit program, its success will depend on letting shoppers know about it. Making the services as visible as possible and in as many ways as possible is crucial. People are creatures of habit and may not see a new banner or a new sign. It may take multiple signs, banners, A-boards, flyers and Facebook posts before they notice. As such, think of as many different ways to educate all your shoppers about its availability and how it works. Specifically for EBT, there are three main groups to target with your outreach: 1) community partners, 2) shoppers, and 3) vendors.

Community partners

For EBT, these are organizations that work with low-income people who are eligible for or receive food stamp benefits. Typically, in Washington State this includes the local WIC clinic, community action agencies, WorkSource, food banks, low-cost health clinics, Head Start programs, anti-hunger, faith-based, immigrant and refugee support organizations – to name a few. Building long term relationships with these organizations can help the market in many ways.

The key is to not assume that these community partners know about the farmers market and what it offers. In some cases, you may encounter perceptions of the farmers markets as being “expensive” or that clients may not want to shop at the market. Many projects in Washington and around the country have demonstrated that given the opportunity, many low income people want to shop at markets for the same reasons as others. Emphasize that “farmers markets are for everyone” and that, with EBT, low income shoppers are able to access healthy foods and support local farms. By taking the time to build trust and a strong relationship, you can better educate these organizations, and they will be better able to promote EBT at the market. They might also be able to offer incentive programs to help get food stamp recipients to the market.

Shoppers

It is critical to let people know they can use their EBT cards (and credit/debit too) at your market. This means making information as visible as possible with clear, attractive signage at your information booth, vendor booths, and other promotional materials. It helps if your signage is visually similar to the materials for your community partners.

Vendors

Vendors can play an important role promoting these services by strategically letting shoppers know all the ways they can buy products at the market. The direct benefit to the farmers is increased sales! When a shopper brings in FMNP checks, the vendor could ask whether they know the market accepts credit cards or EBT cards and then refer the person to the market information booth for help. If a shopper says they’ve run out of cash and can’t buy more, a vendor could use this as a “teaching moment” and ask if they know that the market accepts credit cards.

Recommended Resources

[Accepting Bridge Cards at Michigan Farmers Markets](http://mifma.org/snap/) (<http://mifma.org/snap/>)

[Accepted Here! Food Access Programs at Washington State Farmers Markets](http://smallfarms.wsu.edu/marketing/) report summarizes FMNP and SNAP trends from 2010 to 2014 (<http://smallfarms.wsu.edu/marketing/>).

[Ecology Center's Farmers Market EBT Project](http://ecologycenter.org/ebt-simple-guide/) (<http://ecologycenter.org/ebt-simple-guide/>)

[Farmers Market Federation of New York](http://www.nyfarmersmarket.com/ebt-and-creditdebit-machines/) information:

- EBT and Credit/Debit Machines: <http://www.nyfarmersmarket.com/ebt-and-creditdebit-machines/>
- EBT promotion to shoppers & partners: <http://snaptomarket.com/>

[Montana Farmers Market EBT Manual](https://attra.ncat.org) (<https://attra.ncat.org>)

[*Real Food, Real Choices: Connecting SNAP Recipients with Farmers Markets*](#)

Project for Public Space's [*SNAP/EBT at your Farmers Market: Seven Steps to Success*](#)

USDA's [*Supplemental Nutrition Assistance Program \(SNAP\) at Farmers Markets: A How-To Handbook*](http://www.ams.usda.gov) (<http://www.ams.usda.gov>)