

Becoming an Authorized SNAP Retailer – Guide for Farm Stands and CSAs

Many farmers and farmers' markets are interested in becoming eligible to accept Supplemental Nutrition Assistance Program (SNAP) benefits (formerly known as Food Stamps), but are intimidated by the complex process involved in becoming authorized retailers. Because farms and farm stands are different from typical retailers, the process can be a bit confusing. Below, we try to demystify the process.

Step 1: CAN YOUR FARM BECOME A SNAP RETAILER?

Farm Stands? Yes!

All farm stands are eligible to apply as a regular retailer.

Farmers' Market Vendors? Yes!

Several farmers' markets in the Pioneer Valley are already EBT accessible. If the farmers' market applies to become an authorized retailer, the device is useable by all participating farmers. Some farmers' markets prefer that farmers become authorized retailers individually. If a farmer is authorized for his/her own farm stand, that farmer can also accept paper vouchers at a farmers' market.

CSAs? Yes!

CSAs can also be eligible retailers. However, customers cannot pay upfront like traditional CSA members because the law requires that payment is collected when product is distributed. For most CSAs, this means billing must be done weekly.

EBT and CSAs

There are different regulations for for-profit and non-profit vendors of CSA shares. For-profit vendors must dispense product to SNAP customers when they receive payment from them. Non-profit vendors can collect payment from a SNAP customer up to 14 days BEFORE the customer receives their product.

In either case, SNAP customers cannot pay for a CSA share the same way other customers do. A farm needs to gauge how much income the farm

can afford to collect throughout the season as you will only be able to collect SNAP funds from the customer on a weekly (or bi-weekly) basis. It is up to the farm whether to charge clients at pick up or remotely.

The challenge with the requirement for weekly or bi-weekly payments is that occasionally a customer may not have sufficient funds in their SNAP account at the time of distribution or a customer may not come to a distribution, causing the farm to absorb that loss, because payments can only be made for food purchased AT the time of distribution.

Case Study: Brookfield Farm

Brookfield Farm, which is organized as a non-profit, has been accepting SNAP funds towards CSA membership payments since 2002. SNAP paying members at Brookfield are put on a payment plan to coincide with their governmental allowance. When members apply for CSA membership, they simply list their EBT account number and the date of each month when their SNAP account funds are replenished. Payments are then withdrawn as close as possible to the date of replenishment (as a non-profit, they have more flexibility about when payments are drawn in relation to distribution days). Abbie of Brookfield Farm notes, "The lack of flexibility around payment is the hardest part of accepting EBT as a CSA. It can be difficult to remember each member's individual payment date." Despite this challenge, the farm has an increasing population of SNAP using CSA members, though those numbers are still low. All members at Brookfield Farm—including SNAP users—pay the same price for membership, so this program does not affect the farm's bottom line.

Step 2: GETTING AN FNS PERMIT

Licensing Basics

In order to be able to accept SNAP purchases, retailers must obtain a permit from the USDA Food and Nutrition Services (FNS); farmers are considered retailers in the application process. In order to become licensed to accept SNAP benefits, a farmer needs to fill out the retailer application.

This application should only take 10 minutes or so to fill out and FNS staff will walk you through it over the phone. It is geared toward traditional retailers, not farmers, so you may need to be creative with your answers.

If you are eligible to become an authorized retailer, we suggest that you read through the information provided online by FNS to become more familiar with the program before applying. If you are ready to apply, refer to the following page for a clear outline of the application process.

Any challenges you may face during the process can be solved by calling the FNS field office. FNS is focused on involving more farmers in serving SNAP participants and therefore want to help *you* in any way they can.

Things to know about the application process:

1. There is no fee.
2. It may take up to 45 days to receive your license.
3. In the application you will have to provide ownership information (see next page). If you have questions about who can be considered an “owner,” call the FNS field office.

Get an EBT Terminal

The only form of SNAP issuance is now EBT—Electronic Benefits Transfer. EBT functions as a state-issued debit-card that allows recipients to access their federal allowance like a normal bank account. Benefits are put into the account monthly, and only the amount in the account is available for use. When a customer pays for groceries, their card is run through an electronic reader or point of sale terminal (POS), and the customer enters their PIN number. Farms can use

an EBT terminal, paper vouchers, or both. FNS provides a POS free of charge, if you make \$100 per month in SNAP sales, have electricity and an available phone line, and do not want a POS that accepts credit or debit cards. Farms can also get a POS machine that accepts EBT cards as well as debit and credit cards. These machines cost a fee, but it is worth considering depending on your customer base. With POS machines the payment is usually made to the retailer by the end of the day, as would happen with any credit card.

If you are not eligible for a free POS machine or you don’t want to purchase one, you can use manual vouchers. In this case, information is recorded on a form provided by FNS. Then the retailer must call the hotline and verify that the amount of money in the client’s account can cover the purchase. The retailer must also mail these forms to FNS within two weeks of the sale. Although this process is more involved than with a POS machine, retailers with few SNAP clients may find this to be more effective. This may also be the best option for farm stands that do not have electricity at one or more locations.

Know the Rules

- SNAP purchases cannot be accepted on behalf of another unauthorized retailer.
- No taxes (federal, state, or local) may be applied to SNAP sales.
- Retailers cannot require a minimum purchase for SNAP customers.
- SNAP purchases are limited to foods intended for at-home consumption. Ready-to-eat foods are ineligible for purchase with SNAP benefits.



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APPLICATION PROCESS

1. Apply for a SNAP permit! This can be done through the USDA Food and Nutrition Service (FNS) one of two ways:

- **Online:** complete the application at <http://www.fns.usda.gov/snap/retailers/application-process.htm>
- **Paper application:** Call FNS(toll-free) at 1-877-823-4369 and ask them to mail you an application

The application requires submission of the following THREE pieces of documentation:

- a. a copy of a current license for your business (for example, a sales tax permit or health permit)
- b. a copy of the farm owners driver's license (both sides), passport, or other photo identification
- c. a copy of the Social Security cards for all business owners, partners, officers, and shareholders, and their spouses

If you use the online application, you must send copies of your documents to the FNS address on the form.

If you use a paper application, sign the application and send it in with copies of your documents to the address on the form.

Remember, call the FNS field office if you need help filling out the form. They are extremely willing to help you through the questions. Massachusetts Field Office at 617-565-6380.

2. The field office will notify you within 45 days of applying whether you are approved or denied a permit.

- Denial of approval most often occurs if your store does not meet eligibility requirements (see Step 2 on previous page). If this happens, you must wait 6 months before you are able to re-apply.

3. Once you are approved to accept SNAP purchases you will be contacted in regards to the EBT transaction machine.

- If you already accept debit and credit card purchases, you can use the same machine for EBT cards! The FNS office will help you connect your equipment to the state EBT system.
- If you do NOT accept debit and credit card purchases, FNS will give you free equipment necessary to accept EBT transactions (if less than \$100 in SNAP sales are collected per month, you will be charged a fee).
 - The EBT equipment requires a phone line and electricity
 - If you wish to accept debit or credit cards, you will need to purchase a terminal and there are several additional steps. CISA can assist you in finding a terminal vendor.
 - If you do not sell at least \$100 in SNAP sales each month, ask about paper vouchers.

If you have any questions, please call one of the following resources:

Massachusetts Field Office at 617-565-6380 • FNS toll-free number 1-877-823-4369 • CISA at 413-665-7100