



CHAPTER SEVEN

Accepting Electronic Purchases and SNAP at the Farmers Market

This section provides details on steps direct market farmers and farmers markets (DMFs/FMs) should take to accept Supplemental Nutrition Assistance Program (SNAP) Electronic Benefits Transfers (EBT). Nearly the same process applies to direct market farmers (DMFs) as farmers markets, so the two are described together in most sections of this chapter with any differences noted. There may be occasions when the market chooses not to pursue SNAP authorization, but a vendor would like to. Thus, this chapter can also be used to understand how that vendor could accept SNAP as a DMF. DMF sales would occur at the vendor's own booth and with their own system. DMF SNAP authorization would also translate to more settings such as roadside stands, CSAs, and on-farm markets.

About the Supplemental Nutrition Assistance Program and Electronic Benefits Transfer

The Supplemental Nutrition Assistance Program (SNAP) was developed by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) to help alleviate hunger in the United States. Formerly known as Food Stamps, SNAP provides nutrition benefits to supplement the food budget of needy families so they can purchase healthy food and move towards self-sufficiency. SNAP programs are administered by state agencies.

In South Dakota, ongoing SNAP benefits are issued on the 10th of each month, even in the case of a weekend or holiday. The benefits can be redeemed at any USDA or FNS authorized retail store, farmers market, or direct market farm by using a plastic debit card, entitled "South Dakota EBT". (1)

Information on the card's magnetic strip along with a 4-digit personal identification



number (PIN), ensure the proper account is debited when a household uses the card to purchase eligible food items from authorized retailers. SNAP purchases cannot be taxed regardless of state or local food tax rules. Additionally, refunds on returned items cannot be paid in cash.

SNAP EBT Program Organization

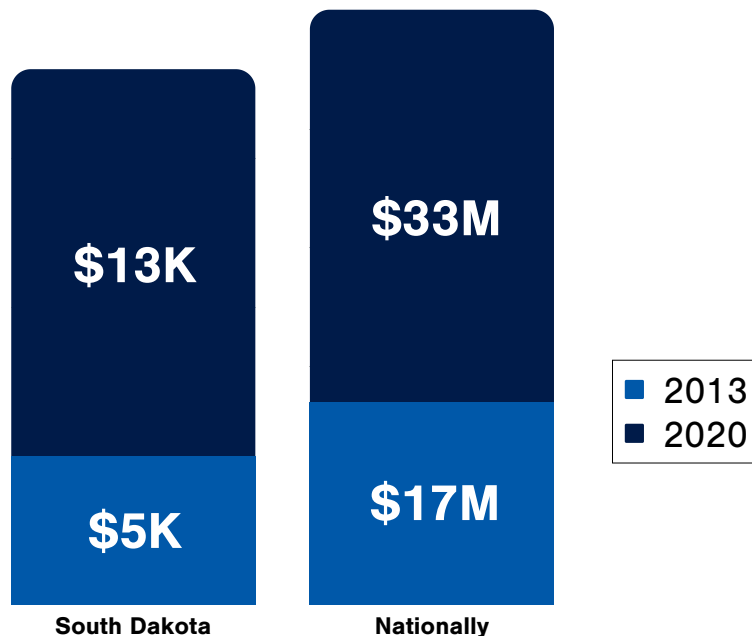
There are three key organizations to be familiar with when accepting SNAP Electronic Benefit Transfers (EBT) in South Dakota.

1. USDA FNS—provides SNAP program oversight and guidance at a federal level; manages and approves the application to become a SNAP authorized DMF/FM to accept SNAP EBT.
2. SD Department of Social Services (DSS)—administers the SNAP program for the state of South Dakota.
3. Third Party EBT Contractor—performs EBT-related services (such as sales logistics, payments, and answering client and retailer questions); houses a supply of EBT devices available to DMFs/FMs after authorization by FNS. SD DSS has a third party under contract. This state EBT contractor is not static and is subject to change. DMFs/FMs may choose an EBT contractor different than the states.

The Benefits of Accepting SNAP

Accepting SNAP EBT can open new opportunities for DMFs/FMs. The ability to conduct SNAP EBT can allow DMFs/FMs to increase gross sales by reaching a wider customer base. For example, between fiscal year 2013 and 2020, the national value of SNAP redemptions by DMFs/FMs nearly doubled, from over \$17 million to over \$33 million. In South Dakota, SNAP authorized DMFs/FMs redemptions increased from over \$5,000 in 2013 to over \$13,000 in 2020 (2). If DMFs or farmers markets is not FNS SNAP authorized, they cannot earn these sales (3).

Increased Value of SNAP Redemptions by Direct Market Farmers and Farmers Markets



FNS. (2021). (rep.). Snap Redemptions Report. Retrieved November 8, 2021, from <https://www.fns.usda.gov/snap/redemptions-report-fy-2013-2020>.

DMFs/FMs are valuable food resources. Offering the option to make purchases with SNAP benefits increases accessibility of more community members to healthy food.

The benefits to accepting electronic purchases are:

- Potential to increase sales and revenue
- Increased number of potential customers
- Greater accessibility to healthy food

SNAP Eligible Sales and Purchases

FNS understands that DMFs/FMs are excellent sources of fresh fruits, vegetables, and other healthy foods. Therefore, FNS is committed to expanding access to these foods by DMFs/FMs across America, thus also supporting economic opportunities for farmers and producers. (4)

Eligible Purchases

Foods for individuals and households qualify for SNAP purchases, including items with nutrition facts labels, seeds, plants which produce food, and foods from the four staple food groups (1):

- Breads and cereals
- Fruits and vegetables
- Meats, fish, and poultry
- Dairy products

Ineligible Purchases

There are some products that are not eligible for purchase with SNAP funds. Non-eligible SNAP items include (1):

- Hot foods
- Foods to be eaten at the market
- Alcohol, cigarettes, or tobacco
- Items purchased for re-sale
- Inedible gourds and pumpkins that are used solely for ornamental purposes
- Any nonfood items (pet foods, soaps and paper products, household supplies, etc.)
- Medicines, vitamins, and items with a supplement facts label
- Gift baskets that contain both food and non-food items if the value of the non-food items exceed 50% of the purchase price. Baskets containing any amount of alcohol, cigarettes, cat, dog, or other pet food and/or pet toys.

Apply to be a SNAP Authorized Farmers Market

To accept SNAP EBT, DMFs/FMs must first become SNAP authorized by FNS. To do so the owner or manager applies for authorization. In the case of farmers markets, the manager applies on behalf of participating vendors. The application is free and can take as little as 15 minutes with all the information ready. The person applying must first have an active “USDA eAuthentication account.” To access the application and register for an USDA account, visit <https://www.fns.usda.gov/snap/apply-to-accept>.

FNS created a guide for market managers in 2018, titled “Step-by-Step Instructions for Farmers Markets to Fill Out the Online Store Application (OSA) to Become Authorized to Participate in the Supplemental Nutrition Assistance Program (SNAP).” The step-by-step guide can be found at the following link and then selecting “guidance” under “Application

Information.” <https://www.fns.usda.gov/snap/farmer-producer>. The webpage houses a suite of helpful resources that are valuable to review. (4)

There are two application tracks. 1) Store Application and 2) Farmers Market Application. DMFs should choose the “Store Application.” Farmers markets must meet the FNS’ definition – “multi-stall markets at which farmer-producers sell food products they produced (fruits, vegetables, meat, dairy, grains, etc.) directly to the public, at a central or fixed location.” (5) DMFs/FMs may begin accepting SNAP EBT when the application is approved. Applications can take up to 45 days to process. Applications can be processed faster when all required documents are filled out completely. Notification of authorization will be provided in writing. For questions, call the SNAP Retailer Service Center, 877-823-4369. (5)

Establish a Bank Account

The DMF/FM will need to establish a bank account (if one does not already exist) to accept all electronic purchases including SNAP. Bank account information may be required in the application process. The account should be available for the state EBT contractor to deposit the redemption of SNAP transactions. The SNAP funds are automatically deposited into the bank account within two business days. After being deposited into the market’s account the funds must be dispersed to the appropriate vendors.

Obtain an EBT Device

It can take up to 30 days to lease or purchase and receive a Point of Sale (POS) device – the equipment used to process electronic transactions. FNS authorization must be approved before accepting SNAP. However, DMFs/FMs can begin the process of obtaining a POS device before the FNS application is approved. Once authorized, the DMF/FM will work with the third party EBT contractor of their choice. POS devices come in wireless, wired, and Bluetooth (compatible with smart device) options with various abilities to read multiple card types (ex. SNAP only or SNAP/debit/credit/WIC).

Pre-Purchased State POS Devices

SD DSS houses pre-purchased wired and wireless POS devices to distribute at no charge when covered by grant funding. Wireless devices have a monthly utilization fee associated with the state-contracted third-party processor (TPP) to process the funding to the DMF/FM bank account. To determine eligibility and availability, contact the South Dakota EBT Administrator at EBT@state.sd.us.

POS Devices from Third Party Processors

DMFs/FMs may choose to use the State EBT contractor or another TPP to obtain a POS device. The state EBT contractor may have more options available than just what SD DSS has pre-purchased. Contact the South Dakota EBT Administrator at EBT@state.sd.us for state EBT contractor contact information to learn more about their offerings.

DMFs/FMs may consider a different TPP than the state contractor. One example is MarketLink. This is a program of the National Association of Farmers Market Nutrition Programs (NAFMNP) that assists DMFs/FMs with accepting all electronic payment types, including SNAP EBT. In 2019, USDA awarded NAFMNP a Cooperative Agreement to implement the ‘free equipment program’, providing grant funding for equipment to

DMFs/FMs (6). The grant provides one-year free use of the TotilPay Go POS app which processes payments. There is no per-transaction processing fee for SNAP EBT and printer requirements are waived as receipts are provided via email or text. (6) To learn more about MarketLink and apply, visit <https://marketlink.org/>. To learn more about TotilPay, visit <https://totilpay.com/totilpay-go/>.

When considering POS devices that are not supported by grant funding, approximately \$1000 (with potential to be greater) can be expected for the device, not including any monthly processing fees (appx. \$50). Options for obtaining a SNAP POS device are subject to change. For more detailed information about what is available at this time, visit <https://extension.sdstate.edu/snap-ebt-devices-farmers-market-or-direct-market-farmer>

Manual EBT Vouchers

Manual EBT Vouchers are a good back-up plan, should something not work with an EBT device. The DMF/FM should first contact the EBT contractor to confirm acceptance and ability to clear manual vouchers. If working through the state EBT contractor, receive manual vouchers free of charge by contacting the EBT contractor or South Dakota EBT Administrator at EBT@state.sd.us.

The voucher will require the following information to be completed.

- EBT card number
- Date
- Authorization number (call the EBT contractor helpline to obtain this number to ensure there are enough funds to place a hold on the amount)
- Amount
- Reason
- Market FNS number
- Market name, address, city, state, ZIP
- Supervisor signature
- EBT client printed name and signature

The client then receives a printed copy of the voucher. DMFs/FMs must clear the vouchers using the method designated by their EBT contractor within 10 calendar days. (7)

Coordinate with Electronic Sales Manager and Vendors

The farmers market or DMF operation needs to elect a person or people to conduct the electronic transactions. This should be the number one priority of at least one person; vendors who are busy with customers are not likely to be the best choice. This person could be the market manager, a volunteer, or a staff member. This role shall be referred to as the electronic sales manager. The market manager and vendors should also be familiar with the electronic sales system so they can step in to operate the system if necessary.

Electronic Sales Manager

The electronic sales manager should know everything about the system to oversee the machine's operation and accounting system. This person should be responsible for completing SNAP EBT transactions. Swipe the card, enter the total and ask the customer to enter their PIN number. All SNAP EBT customers will have a PIN number. The transaction is completed when the customer is given their receipt. In addition, the

electronic sales manager should aim to be familiar with the following items:

- Be aware of what items are allowed to be purchased and which are not allowed with SNAP (see “SNAP Eligible Sales and Purchases,”)
- Utilize a clearly defined system for reimbursing vendors and accounting or bookkeeping
- Understand how market will track sales and measure progress

Vendors

The most important step for all vendors is that they are willing to participate in SNAP acceptance. Vendors should be familiar with the following items:

- Be aware of what items are allowed to be purchased and which are not allowed with SNAP (see “SNAP Eligible Sales and Purchases,”)
- Understand that SNAP purchases cannot be taxed
- Keep scrip or receipts together in a safe place to turn into the market manager to get reimbursed
- Keep an accurate financial record of their own sales so discrepancies are less likely to occur
- Promote sales with electronic purchases by posting signs indicating participation
- Practice good customer service
- Have a basic understanding of the SNAP sales process



Establish a System for Accepting SNAP Purchases at the Market

There are many options available to farmers markets for conducting the actual business of market transactions. The options can be agreed upon among vendors and management.

It is recommended that markets that are interested in accepting electronic purchases visit a market that already accepts such transactions. As of January 2022, these markets include Vermillion, Rapid City, Deadwood, and Lake Andes. SD DSS can provide an up-to-date list of FNS approved markets (EBT@state.sd.us). The POS system and the electronic sales manager should be in a central spot at the market. Consider placing the POS system at a pre-existing informational booth. Options for managing the sales at the market are described in detail below.

Option One: Scrip Method – Paper Money or Tokens

Scrip is a term for any substitute for legal tender, like paper money or tokens. The customer purchases scrip from the central POS system. Then, it is used in place of cash when purchasing items from vendors. A market manager, staff, or volunteer person completes the transaction and provides the scrip. At the end of the selling day, the vendors turn their scrip sales into the market for reimbursement.

The market will need to design or purchase scrip currency that is hard to counterfeit.

Here are some requirements and recommendations:

- For paper scrip, non-photocopy capable paper is required.
- Placing sequential serial numbers on all scrip is strongly advised.
- Scrip should state market's name or logo as well as the dollar/cent amount.
- Determine a secure place where the POS equipment and scrip will be stored when not in use and who will be responsible for proper storage.

If a customer purchases more scrip than is used, for example, \$25 dollars of scrip purchased but only \$20 spent at the market, there are two options. First, the customer can return the unused scrip and the market can then credit it back into their account. Cash change should not be given. Second, the customer could keep their extra \$5 in scrip to use at a later market.

The market can decide policies for scrip. Such as, do the funds expire after one market day or can they be kept and used at a later market? Will scrip be allowed to be carried over into the next market season? Scrip policies should be communicated with customers. To be fair, the customer must be able to get a refund back if desired.

Option Two: Receipt Method – Collect Purchases then Pay

A receipt form can be implemented that allows for the SNAP EBT purchases to be tracked and totaled. Using this method, the customer would begin at the centrally located POS system to receive a receipt form. Then, the customer would shop. When the customer is ready to make a purchase, the vendor fills out the receipt, but the customer does not pay yet. The vendor should list which items were purchased and the total costs. After filling out the receipt form, the customer takes their purchases and continues shopping.

When the customer has finished shopping, he or she takes the receipt form to the centrally located POS. The market staff totals the receipt and processes the transaction. Vendors will be reimbursed based on the product and total they wrote.

This method alleviates the need to provide refunds but requires some trust. If a customer forgets or intentionally leaves the market without returning to the Central POS System to pay for the items on their receipt, the vendor would lose sales money. The Vermillion Area Farmers Market developed a purchase invoice which could be used for a receipt method approach. This document is available in the resources section following this chapter.

Option Three: Receipt Method – Pay then Collect Purchases

If a market or the vendors do not feel comfortable allowing customers to leave vendor stands with unpaid food, they can reverse the order of the system. The customer selects products, the vendor fills out the receipt form, but does not give them their purchases. The vendor sets the purchases back and waits until the customer has traveled to the Central POS system to pay for the items. After customers have paid, they return to the vendors stand, with a completed receipt as proof of payment. At this point, the vendor gives the customer their purchases and the customer can leave.

Spread the Word

Work with local schools, hospitals, churches, and the local social services office to make people in the community aware that the DMF/FM is now accepting SNAP. In addition, remember to add the information to websites, newsletters, Facebook pages and other materials, if applicable.

The following suggestions were made in the SNAP How-to Handbook, “Partners can help with promotion in many ways—they can hand out fliers about the market SNAP EBT program, host cooking demonstrations and nutrition education events at the market and encourage their clients to attend the farmers market. Partners can promote SNAP at farmers markets at local health fairs, school events, and community festivals to reach targeted audiences. They can provide signage and flyers about farmers markets’ SNAP participation to local SNAP and Women, Infants, and Children (WIC) offices, senior centers, hospitals, clinics, food pantries, schools, churches, and community centers to effectively notify the public that SNAP is available at the farmers market. Press releases and local calendar listings are also effective marketing tools. Special events and outreach initiatives produced with partner support can draw media and other community attention (3).”

Contact Information for SNAP in South Dakota

- Shanna Peterson, South Dakota EBT Program Specialist Phone: 605-773-6527, Email: EBT@state.sd.us
- Anna Barr, SDSU Extension, Phone: 605-995-7378 , Email: anna.barr@sdstate.edu

Sources

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2. FNS. (2021). (rep.). Snap Redemptions Report. Retrieved November 8, 2021, from <https://www.fns.usda.gov/snap/redemptions-report-fy-2013-2020>.
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4. Supplemental Nutrition Assistance Program (SNAP) Farmer/Producer. USDA | Food and Nutrition Service. (2021, August 6). Retrieved November 8, 2021, from <https://www.fns.usda.gov/snap/farmer-producer>.
5. USDA Food and Nutrition Service. (2018, January 30). Step-by-Step Instructions for Farmers Markets to Fill Out the Online Store Application (OSA) to Become Authorized to Participate in the Supplemental Nutrition Assistance Program (SNAP). <https://fns-prod.azureedge.us/sites/default/files/media/file/Farmers-Market-Application-Guidance.pdf>
6. Marketlink (en-US). (n.d.). Marketlink (EN-US). Marketlink (en-US). Retrieved January 21, 2022, from <https://marketlink.org/>
7. Manual Voucher process. Manual Voucher Process | Food and Nutrition Service. (2017, August 31). Retrieved January 21, 2022, from <https://www.fns.usda.gov/snap/manual-voucher-process>

Additional Resources

- USDA SNAP-Ed Connection –Nutrition Education Materials for Farmers Markets: <https://snaped.fns.usda.gov/nutrition-education/nutrition-education-materials/farmers-markets>
- Center for Agriculture and Food Systems –Farmers Market Legal Toolkit – Implement SNAP/EBT: <https://farmersmarketlegaltoolkit.org/snap/>
- Farmers’ Market Coalition: <https://farmersmarketcoalition.org/education/snap/>
- SNAP at your Farmers’ Market: Seven Steps to Success: <https://www.pps.org/product/snap-ebt-at-your-farmers-market-seven-steps-to-success>
- Fair Food Network (Double Up Food Bucks, Fair Food Fund, Resource Bank): <https://fairfoodnetwork.org/>
- Montana Farmers Market Electronic Benefit Transfer Manual: https://agr.mt.gov/docs/farmersmarket-docs/FarmMkts_NCAT-MontanaEBTManual.pdf



**SOUTH DAKOTA STATE
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EBT Worksheet

Farmers Market _____ Date: _____

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For Market Manager Use
 Circle one: SNAP/EBT Sale (food is not taxed) Taxed Sale (Debit, Credit, Cash, Check)

Vendors: Enter the total amount, including tax for all sales. The Market Manager will automatically deduct sales tax for SNAP/EBT transactions. Please, separate SNAP-eligible and non-eligible items. Per Federal law, SNAP benefits may not be used to pay for non-food items. See back for more information.

Vendor Name	Purchased Goods	Taxed Total	Non-Taxed Total
		Enter total amount, including tax.	Market Manager Only: Enter total transaction amount, without tax, for SNAP purchases
SNAP/EBT Eligible Items			
Items Not Eligible For SNAP/EBT Purchase			
Total for each column			
Total purchase (both columns)			

As of November of 2013, the following items cannot be purchased with SNAP benefits:

- Hot foods
- Foods to be eaten at the market
- Alcohol, cigarettes or tobacco
- Items purchased for re-sale
- Inedible gourds and pumpkins that are used solely for ornamental purposes
- Gift baskets that contain both food and non-food items if the value of the non-food items exceed 50% of the purchase prices. Baskets containing any amount of alcohol, cigarettes, cat, dog or other pet food and/or pet toys.
- Any nonfood items, such as: pet foods, soaps, paper products and household supplies
- Vitamins and medicines
- Live animals
- Energy drinks that have a supplement facts label are classified by the FDA as supplements, and are therefore not eligible.

These items can be purchased using SNAP benefits:

- Foods for the household to eat, such as: breads and cereals; fruits and vegetables; meats, fish and poultry; dairy products.
- Seeds and plants which produce food for the household to eat.
- Soft drinks, candy, cookies, snack crackers, and ice cream are food items and therefore eligible items
- Energy drinks that have nutrition facts label are eligible foods
- Items such as birthday and other special occasion cakes are eligible for purchase with SNAP benefits as long as the value of the non-edible decorations does not exceed 50 percent of the purchase price of the cake
- Pumpkins that are edible, not purely ornamental

For more information visit:

- <http://www.fns.usda.gov/snap/retailers/eligible.htm>

Source:

Supplemental Nutrition Assistance Program (SNAP). United States Department of Agriculture, Food and Nutrition Service. Retrieved from <http://www.fns.usda.gov/snap/retailers/eligible.htm> on December 2, 2013.