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FISCAL IMPACT REPORT

ORIGINAL DATE 03/06/15

SPONSOR Pirtle LAST UPDATED _____ HB _____

SHORT TITLE Guidelines Limiting SNAP Purchases SB 427

ANALYST Boerner

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications	See Fiscal Implications		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 293 which appropriates \$200 thousand dollars from GF to HSD for state funded food stamp supplement benefits for elderly and disabled individuals; SM 93 Study Combining Food Distribution Programs and SM 123, Study Federal Food Programs and Obesity.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Senate Bill 427 would have HSD seek a waiver of requirements under the federal Supplemental Nutrition Assistance Program (SNAP) to establish a restriction on purchases made under SNAP to: (1) those items to which recipients under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) are restricted, and (2) the purchase of meat.

FISCAL IMPLICATIONS

HSD reports that for fiscal year 2014, the total SNAP expenditure in New Mexico was \$636 million. The full fiscal implications are unknown, although the requirements of this bill could potentially result in a reduction of federal SNAP funding flowing to New Mexico.

SIGNIFICANT ISSUES

HSD notes the Code of Federal Regulation (CFR) dictates all eligible foods that can be purchased with SNAP benefits and cannot be changed through any state legislative or waiver process. Similar waiver requests have been made from other states and have all been denied. For example, in 2010, New York submitted a waiver requesting that SNAP benefits not be allowed to purchase sugary drinks. This request was denied, and CFR 7.271.2 was cited:

- (1) Any food or food product intended for human consumption except alcoholic beverages, tobacco, and hot foods and hot food products prepared for immediate consumption;
- (2) Seeds and plants to grow foods for the personal consumption of eligible households;
- (3) Meals prepared and delivered by an authorized meal delivery service to households eligible to use coupons to purchase delivered meals; or meals served by an authorized communal dining facility for the elderly, for SSI households or both, to households eligible to use coupons for communal dining;
- (4) Meals prepared and served by a drug addict or alcoholic treatment and rehabilitation center to narcotic addicts or alcoholics and their children who live with them;
- (5) Meals prepared and served by a group living arrangement facility to residents who are blind or disabled as defined in paragraphs (2) through (11) of the definition of “Elderly or disabled member” contained in this section;
- (6) Meals prepared by and served by a shelter for battered women and children to its eligible residents;
- (7) In the case of certain eligible households living in areas of Alaska where access to food stores is extremely difficult and the households rely on hunting and fishing for subsistence, equipment for the purpose of procuring food for eligible households, including nets, lines, hooks, fishing rods, harpoons, knives, and other equipment necessary for subsistence hunting and fishing but not equipment for the purpose of transportation, clothing or shelter, nor firearms, ammunition or other explosives;
- (8) In the case of homeless SNAP households, meals prepared for and served by an authorized public or private nonprofit establishment (e.g. soup kitchen, temporary shelter), approved by an appropriate State or local agency, that feeds homeless persons; and
- (9) In the case of homeless SNAP households, meals prepared by a restaurant which contracts with an appropriate State agency to serve meals to homeless persons at concessional (low or reduced) prices.

Each individual NM food vendor would need to re-program their current systems to further restrict the capability of purchasing certain types and brands of food. While many have modern scanning and inventory control systems, others – especially small stores and specialty markets – do not.

SB 427 would limit eligible SNAP participant purchases to around 25 types of foods and only certain brands of food. The WIC program is specifically designed for pregnant and postpartum women, infants and young children. The foods provided through the WIC Program are designed to supplement participants’ diets with specific nutrients. Different foods are provided to each category of participants. WIC foods include infant cereal, iron-fortified adult cereal, vitamin C-rich fruit or vegetable juice, eggs, milk, cheese, peanut butter, dried and canned beans/peas, and canned fish. Soy-based beverages, tofu, fruits and vegetables, baby foods, whole wheat bread, and other whole-grain options were recently added to better meet the nutritional needs of WIC participants. Dietary needs of school age children, adults, the elderly, and those with special medical conditions are not included in the WIC package.

HSD states there would be no impact to the Information Technology Division or ASPEN, the department’s benefit eligibility IT system. There may be an impact to HSD’s EBT (food stamp debit card) vendor as HSD’s EBT vendor may need to modify their system to exclude these purchases.