

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2620S.01I
Bill No.: SB 662
Subject: Food; Public Assistance; Department of Social Services
Type: Original
Date: April 20, 2025

Bill Summary: This proposal modifies provisions relating to the supplemental nutrition assistance program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General*	\$0	(\$15,182,353 to Unknown) or (\$30,364,706 to Unknown)	(\$105,983) or (\$211,967)
Total Estimated Net Effect on General Revenue	\$0	(\$15,182,353 to Unknown) or (\$30,364,706 to Unknown)	(\$105,983) or (\$211,967)

*Range reflects the difference between a 50% Federal match and no Federal match.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses are estimated at \$0 or \$15 million to Unknown in FY 2027, and \$0 or \$105,000 in FY 2028 and ongoing and net to zero. Range reflects the difference between a 50% Federal match and no Federal match.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	0	1 or 2	1 or 2
Federal Funds	0	0 or 1	0 or 1
Total Estimated Net Effect on FTE	0	2	2

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 208.025 - SNAP benefits to purchase certain foods

Officials from the **Department of Social Services (DSS)** state the proposed legislation requires the Director of DSS to request a waiver from the U.S. Department of Agriculture (USDA) to exclude candy and soda, as defined in this legislation, from the definition of eligible foods under 7 CFR 271.2 for Supplemental Nutrition Assistance Program (SNAP) purchases. If the waiver is granted, the purchase of candy and soft drinks, as defined in this section, will be prohibited for purchase with SNAP benefits. If the waiver is denied, the Director will request the waiver annually, until it is granted.

Currently, 7 CFR 272.3 allows state agencies to request waivers from the U.S. Department of Agriculture's Food and Nutrition Service (FNS) to deviate from certain SNAP regulations. If the waiver is approved, the purchase of candy and soda would be prohibited for purchase with SNAP benefits. FSD currently utilizes a third-party vendor to administer SNAP benefits.

The EBT vendor estimates that implementing the proposed functionality would require the development of a new solution at both the retailer and national levels. This solution would require Food and Nutrition Service (FNS) approval and collaboration with all impacted stakeholders, including national retailers. The current SNAP system does not support individual food item restrictions, new technology must be developed, which would include the collection of Universal Product Code (UPC) data. Retailers would be required to reprogram point-of-sale (POS) systems to comply with these changes.

The current EBT vendor estimates the necessary programming changes to support these purchase restrictions would require significant development efforts and will cost approximately **\$30 million to unknown** and require additional approval from FNS.

If the waiver is approved, FNS and the state would be responsible for enforcing compliance with the provisions of this legislation. These responsibilities could include overseeing retailer compliance and enforcement of purchase restrictions. FSD estimates an additional 2 Program Specialists will be needed to administer the provisions of this legislation.

If the waiver is approved, FSD will need to notify all SNAP households of the change in allowable food purchases. As of December 2024, there were 328,068 SNAP households actively receiving SNAP benefits in Missouri. As of January 2025, the mailing rate for first class mail is

\$0.69 per piece. FSD estimates that it will cost \$227,000 ($328,068 * \$0.69 = 226,366.92$, rounded up) to mail notification letters to all active SNAP households.

FSD estimates that it will take approximately six months to obtain waiver approval from FNS and approximately one year for the EBT vendor to implement the required changes. Therefore, the provisions of this legislation could not be implemented until approximately January 2027.

FSD defers to the Office of Administration for information sharing and procurement changes necessary to implement the provisions of this legislation.

If the waiver is approved and federal matching funds of 50% is determined allowable by FNS, the estimated fiscal impact to FSD to implement the provisions of this legislation is **\$15,113,500 to Unknown** in General Revenue for the EBT vendor costs and one-time mailing costs in FY 2027, **in addition to** 50% of the cost for 2 FTE.

If the waiver is approved and federal matching funds of 50% is NOT determined allowable by FNS, the total fiscal impact to FSD to implement the provisions of this legislation is **\$30,227,000 to Unknown** in General Revenue for the EBT vendor costs and one-time mailing costs in FY 2027, **in addition to** 100% of the cost for 2 FTE.

Officials from the **Office of Administration (OA)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight does not have information to the contrary. Oversight notes implementation of the proposal is contingent on the approval of a waiver by FNS. If the proposal is passed, but no waiver is granted, the cost of the provisions of this proposal will be \$0 unless or until a waiver is approved by FNS. For fiscal note purposes, Oversight assumes the waiver will be granted. Therefore, Oversight will reflect the estimates as provided by the DSS with and without the 50% match from FNS.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027 (6 Mo.)	FY 2028
GENERAL REVENUE			
<u>Costs</u> – DSS, FSD (§ 208.025) p. 3-4			
Personal service	\$0	(\$28,387) or (\$56,775)	(\$57,342) or (\$114,685)
Fringe benefits	\$0	(\$23,519) or (\$47,037)	(\$37,245) or (\$74,490)
Equipment and expense	\$0	(\$16,947) or (\$33,894)	(\$11,396) or (\$22,792)
EBT Vendor Costs p. 3-4	\$0	(\$15,000,000 to Unknown) or (\$30,000,000 to Unknown)	\$0
One-time mailing p. 3-4	<u>\$0</u>	(\$113,500) or <u>(\$227,000)</u>	<u>\$0</u>
Total <u>Costs</u> - DSS, FSD	<u>\$0</u>	(\$15,182,353 to Unknown) or (\$30,364,706 to <u>Unknown</u>)	(\$105,983) or <u>(\$211,967)</u>
FTE Changes	0	1 or 2	1 or 2
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	(\$15,182,353 to Unknown) or (\$30,364,706 to <u>Unknown</u>)	(\$105,983) or <u>(\$211,967)</u>
Estimated Net FTE Change on the General Revenue Fund	0	1 or 2	1 or 2
FEDERAL FUNDS			
<u>Income</u> – DSS, FSD (§ 208.025) Reimbursement for SNAP benefit changes p. 3-4	\$0	\$0 or \$15,182,353 to Unknown	\$0 or \$105,983

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027 (6 Mo.)	FY 2028
<u>Costs – DSS, FSD (§ 208.025) p. 3-4</u>			
Personal service	\$0	\$0 or (\$28,387)	\$0 or (\$57,342)
Fringe benefits	\$0	\$0 or (\$23,519)	\$0 or (\$37,245)
Equipment and expense	\$0	\$0 or (\$16,947)	\$0 or (\$11,396)
EBT Vendor Costs p. 3-4	\$0	\$0 or (\$15,000,000 to Unknown)	\$0
One-time mailing p. 3-4	\$0	\$0 or (\$113,500)	\$0
Total <u>Costs</u> - DSS, FSD	\$0	\$0 or (\$15,182,353)	\$0 or (\$105,983)
FTE Changes	0	0 or 1	0 or 1
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0	0 or 1	0 or 1

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small business retailers would be required to reprogram point-of-sale (POS) systems to comply with these changes.

FISCAL DESCRIPTION

Under this act, the Director of the Department of Social Services shall request a waiver from the U.S. Department of Agriculture to exclude candy and soft drinks from the definition of eligible Supplement Nutrition Assistance Program (SNAP) foods. If the waiver is granted, then the Director shall prohibit the purchase of such foods with SNAP benefits. If the waiver is not granted, then the Director shall annually apply for the waiver until it is granted. (§ 208.025)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. It would require rental space.

SOURCES OF INFORMATION

Department of Social Services
Office of Administration



Julie Morff
Director
April 20, 2025



Jessica Harris
Assistant Director
April 20, 2025