



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0354.01: Prohibit purchase of soft drinks and candy with SNAP benefits

Primary Sponsor: Daniel Zolnikov

Status: As Introduced

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$100,000	\$109,414	\$100,000	\$109,697
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>Net Impact</b>	<u>(\$100,000)</u>	<u>(\$109,414)</u>	<u>(\$100,000)</u>	<u>(\$109,697)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

SB 345 restricts SNAP beneficiaries from using SNAP benefits to purchase candy or soda. It includes education strategies regarding alternative healthy food options and a reporting mechanism to track the impact of the waiver, including spending patterns and health outcomes.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Public Health and Human Services (DPHHS)

1. The department assumes the submission of a demonstration waiver will be performed by current staff.
2. The department assumes that the education and outreach requirements of New Section 4 (2)(c) would be accomplished through the existing SNAP Education program.
3. The department assumes that reporting on health outcomes as required by New Section 4 (2)(d) would be completed by a contractor with expertise in this area. The department estimates an annual cost of \$200,000 to complete this work including designing and creating baseline data in year 1 and tracking outcomes in subsequent years.
4. DPHHS costs are funded 50% general funds and 50% federal funds.

#### Legislative Branch

5. The Montana Department of Public Health and Human Services (DPHHS) currently administers the Supplemental Nutrition Assistance Program (SNAP) benefits for the state.
6. SB 354 allows new sections to be cited as the "Montana Healthy SNAP Act."
7. SB 354 lists statistics from both DPHHS and the United States Department of Agriculture on the SNAP program.

8. SB 354 requires DPHHS apply for a waiver that seeks authorization to prohibit the use of SNAP for the purchases of candy and soft drinks.
9. SB 354 requires DPHHS report annually to the Children, Families, Health, and Human Services Interim Committee (CFHHS) by September 30 on the status of the waiver request, data on the SNAP spending patterns in the state, and identify challenges or recommendations for further policy action.
10. Assuming policy action is required, one additional CFHHS meeting will be needed. The total cost for one meeting with 10 committee members is \$9,414 in FY 2027 and \$9,697 in FY 2029 (general fund). (FY 2027: \$3,226 personal services + \$6,188 travel reimbursement and operating = \$9,414, FY2029: \$3,323 personal services + \$6,374 travel reimbursement and operating = \$9,697).
11. Legislative Branch costs are funded 100% with general funds.
12. It is unknown how many bills are seeking to add to the duties of the Legislative Branch. The fiscal note of each bill is prepared based on the effect of each individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill would require additional analysis and may require additional resources for staffing and information technology support.

## Fiscal Analysis Table

Department of Public Health and Human Services				
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$200,000	\$200,000	\$200,000	\$200,000
<b>TOTAL Expenditures</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$100,000	\$100,000	\$100,000	\$100,000
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>TOTAL Funding of Expenditures</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>TOTAL Revenues</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Legislative Branch**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Personal Services	\$0	\$3,226	\$0	\$3,323
Operating Expenses	\$0	\$6,188	\$0	\$6,374
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$9,414</b>	<b>\$0</b>	<b>\$9,697</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$9,414	\$0	\$9,697
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$9,414</b>	<b>\$0</b>	<b>\$9,697</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$9,414)	\$0	(\$9,697)

**STATEWIDE SUMMARY**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b>TOTAL Fiscal Impact</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$0	\$3,226	\$0	\$3,323
Operating Expenses	\$200,000	\$206,188	\$200,000	\$206,374
<b>TOTAL Expenditures</b>	<b>\$200,000</b>	<b>\$209,414</b>	<b>\$200,000</b>	<b>\$209,697</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$100,000	\$109,414	\$100,000	\$109,697
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>TOTAL Funding of Expenditures</b>	<b>\$200,000</b>	<b>\$209,414</b>	<b>\$200,000</b>	<b>\$209,697</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$100,000	\$100,000	\$100,000	\$100,000
<b>TOTAL Revenues</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$100,000)	(\$109,414)	(\$100,000)	(\$109,697)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Concerns****Department of Public Health and Human Services**

1. USDA Food and Nutrition Services (FNS) defines eligibility requirements, benefit levels, and administrative rules, which are nationally uniform with some exceptions. Retailers update their point of sale (POS) system to exclude food items (such as hot foods) at the direction of FNS. The changes to exclude candy and soft drinks would fall to the retailer to update their system. Retailers would need additional information from FNS (i.e., coding) to make these updates. Retailers would be responsible for the cost of


the updates. The retailers are responsible for updating their systems for eligible items and FNS can levy a fine if the retailer is not following the guidelines.

2. The Department will need to submit a demonstration waiver to FNS. FNS does not have a set number of days to review and respond to a waiver request.
3. Reporting on spending patterns is limited to the constraints of an EBT processor. The Department is unable to obtain data on the items that are purchased at point of sale. The EBT system provides a dollar amount but not an itemized accounting of purchases

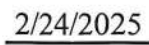
**Legislative Branch**

1. Section 5.(3)(c) requires the department submit an annual report to the governor and the CFHHS by September 30. Per Legislative Council rules, CFHHS interim committee activity ends September 15 prior to each session. Requiring the report to be submitted after September 15 may cause another meeting, which would incur a fiscal impact to the Legislative Branch.

  
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Sponsor's Initials

  
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Date

  
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Budget Director's Initials

  
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Date