



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0902.01: Generally revise Montana SNAP program laws

Primary Sponsor: Sherry Essmann 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> |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$1,798,744 | \$536,244 | \$544,288 | \$552,452 |
| Federal Special Revenue (03) | \$1,000,000 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$1,000,000 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$1,798,744)</u> | <u>(\$536,244)</u> | <u>(\$544,288)</u> | <u>(\$552,452)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 902 requires submission of a waiver for the Supplemental Nutrition Assistance Program (SNAP) to the limit the types of food items that can be purchased with SNAP benefits. It limits the age of individuals permitted to use an EBT card to purchase food or meals for the household. This bill creates a transitional benefits program and establishes reporting requirements. The Department of Public Health and Human Services will incur costs associated with systems changes and benefit payments.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (DPHHS/department)

1. Section 1 requires DPHHS to apply for a waiver from USDA Food and Nutrition Services (FNS) to restrict food items to healthy food items high in nutrients. Limiting foods to that specification requires a new system with appropriate tracking capability (i.e., UPC, SKU). The estimated technology cost to implement a system with an approved list of foods and associated tracking mechanism is \$2 million. The technology cost would be funded at 50% general fund and 50% federal fund.
2. Section 1 requires reporting of data on SNAP spending patterns in the state. It is assumed the system implemented in #1 above would capture appropriate data on spending patterns.
3. Section 3 requires a transitional benefits program that allows for state benefits to be issued to individuals over income for the SNAP program at designated federal poverty limits (FPL). The technology cost to change the current eligibility system to implement a transitional benefits program is \$12,500, which would be 100% general fund.
4. The department assumes that the transitional benefits will follow SNAP regulations for redemption and expungement.

5. The department estimates 14,500 case closures each year based on FY 2024. The department estimates that 7.5% of cases close because they are over income ($14,500 * 7.5\% = 1,088$). The department estimates that half of those closures would be under 200% FPL ($1,088 * .5 = 544$). The department estimated an equal number of cases at each transitional benefit step down amount ($544 / 4 = 136$). The department estimated transition benefits based on the current average case benefit amount of \$328.58 per month.

| % of Benefit | Benefit amount (\$328.58 * %) | Number of Cases | Total Benefits (1 month) |
|--------------------|-------------------------------|-----------------|--------------------------|
| 80% | \$262.86 | 136 | \$35,750 |
| 60% | \$197.15 | 136 | \$26,812 |
| 40% | \$131.43 | 136 | \$17,875 |
| 20% | \$65.72 | 136 | \$8,937 |
| Annual Cost | | | \$89,374 |


6. The department assumes that clients will receive 6 months of transitional assistance at the determined amount. The department estimates approximately \$540,000 in transitional benefits. ($\$89,374 * 6 \text{ months} = \$536,244$).
7. Section 20 provides a general fund appropriation to implement, administer, and execute the transitional benefits program. The current SNAP program utilizes federal funds for benefit issuance; DPHHS does not have a mechanism to issue general funds for SNAP benefit utilization. A system cost to issue general fund dollars on an EBT card is estimated to be \$250,000 of state general funds.

Fiscal Analysis Table

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$2,262,500 | \$0 | \$0 | \$0 |
| Benefits | \$536,244 | \$536,244 | \$544,288 | \$552,452 |
| TOTAL Expenditures | \$2,798,744 | \$536,244 | \$544,288 | \$552,452 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$1,798,744 | \$536,244 | \$544,288 | \$552,452 |
| Federal Special Revenue (03) | \$1,000,000 | \$0 | \$0 | \$0 |
| TOTAL Funding of Expenditures | \$2,798,744 | \$536,244 | \$544,288 | \$552,452 |
| <u>Revenues</u> | | | | |
| Federal Special Revenue (03) | \$1,000,000 | \$0 | \$0 | \$0 |
| TOTAL Revenues | \$1,000,000 | \$0 | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$1,798,744) | (\$536,244) | (\$544,288) | (\$552,452) |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |

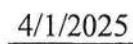
Technical Concerns

1. FNS defines eligibility requirements, benefit levels, and administrative rules, which are nationally uniform with some exceptions. Retailers update their point of sale (POS) system and follow FNS guidance to be eligible SNAP retailers. The department cannot estimate the impact of POS and allowable food items changes on retailers.
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. The Department does not have the expertise to determine foods that are high in nutrients and would rely on FNS to define appropriate food items as specified in the bill.
4. The estimate for the transitional program is assuming 6 months of transition to a static amount and does not account for a family remaining eligible for as long as they are under the income cap.
5. Section 2 limits the age of individuals authorized to purchase food or meals for the household to age 16 or older. The SNAP program currently does not have age restrictions to use an EBT card. Age restriction enforcement would fall to the retailers to ensure that the individual is 16 years or older.
6. New Section 22 sets an effective date of July 1, 2025. The required system changes will prohibit New Section 3 from being implemented by July 1, 2025. The department does not intend to issue retroactive benefits due to the conflicting communication and status clients will have regarding case closure and benefit expungement dates.
7. New Section 3 (2)(a) indicates that beneficiaries with monthly household income less than or equal to 138% FLP will get 100% of the benefit amount. Traditional SNAP eligibility threshold is 130% FPL.
8. HB 902 includes a biennial general fund appropriation of \$802,500, which is less than half of the general fund costs in FY 2026.



Sponsor's Initials

Date

Budget Director's Initials

Date