

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 356

(Delegate Pendergrass, *et al.*)

Health and Government Operations

Finance

Supplemental Nutrition Assistance Program Benefits - Grant Application

This bill requires the Department of Human Resources (DHR) to submit a grant application to the U.S. Department of Agriculture (USDA) under the Food Insecurity Nutrition Incentive (FINI) Program to support a pilot project that provides incentives to directly and efficiently increase the purchase and consumption of eligible fruits and vegetables by Supplemental Nutrition Assistance Program (SNAP) participants. The application must be submitted in response to the next opportunity for available funding after July 1, 2016. By January 1, 2017, and by January 1, 2018, DHR must submit a report to the Governor and the General Assembly on the status of the grant application.

The bill takes effect July 1, 2016, and terminates June 30, 2018.

Fiscal Summary

State Effect: DHR can submit the required grant application and reports using existing budgeted resources. To the extent that the State is awarded a grant, federal fund revenues and expenditures increase in FY 2018 and/or 2019; as State matching funds are required, general fund expenditures increase correspondingly.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: SNAP, formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who

meet income and resource requirements. Benefits are 100% federally funded, while administrative costs are split equally between the State and federal government. Program rules and regulations are issued by the federal government. Pursuant to federal guidelines, recipients may use SNAP benefits to purchase food for the household to eat, or seeds and plants which produce food for the household. Households cannot use SNAP benefits to purchase alcohol or tobacco products, nonfood items (such as paper products or household supplies), hot foods, or food sold for on-premises consumption.

USDA indicates that Congress has previously considered placing restrictions on the types of food that could be purchased with SNAP benefits but concluded that designating certain foods as “luxury” or “nonnutritious” would be administratively costly and burdensome. Although USDA does not place restrictions on the purchase of “healthy” vs. “unhealthy” foods, the 2014 Farm Bill established the FINI Grant Program to test point-of-purchase incentives to increase the purchase of fruits and vegetables among SNAP participants. USDA awarded \$31.5 million in FINI grants in 2015 and has made available \$16.8 million for FINI grants in 2016.

State Fiscal Effect: To the extent DHR is awarded a grant, federal fund revenues and expenditures increase. DHR advises that any potential grant revenues would not be anticipated until fiscal 2018. Although DHR can use existing resources to prepare a grant application and submit reports, FINI grant recipients must provide a 50% State match. Accordingly, to the extent grant funds are awarded, general fund expenditures increase to reflect the matching funds requirement. Depending on the grant, matching fund expenditures could exceed \$100,000 in any year in which a grant is awarded. Although the bill terminates at the end of fiscal 2018, because a grant may still be awarded during federal fiscal 2018 (which begins October 1, 2017 and ends September 30, 2018), the fiscal impact may continue through fiscal 2019.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Department of Agriculture, Department of Human Resources, Department of Legislative Services

Fiscal Note History:
min/jc

First Reader - February 23, 2016
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