

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 23, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB379 by Middleton (Relating to prohibiting the purchase of sweetened soft drinks under the supplemental nutrition assistance program.), **As Passed 2nd House**

The bill would have a fiscal impact to the Texas Health and Human Services Commission (HHSC), but the impact cannot be determined at this time because it will depend on the terms and conditions of the federal waiver required to allow Texas to implement the bill.

The bill would amend the Texas Human Resources Code to prohibit the purchase of sweetened soft drinks using Supplemental Nutrition Assistance Program (SNAP) benefits. The bill directs HHSC to seek the federal waiver that is necessary to implement this restriction based on federal law that defines eligible SNAP purchases.

The bill will likely have a fiscal impact to the state, but the precise cost cannot be determined until the federal waiver is approved. The agency assumes that the state will be responsible for costs associated with communicating the change in eligible purchases to SNAP clients and retailers, through mailing and outreach, and that the expected one-time cost for this communication in FY 2026 is estimated to be \$1,543,220.

The agency also assumes that the state will also be responsible for enforcing compliance with the bill among the 21,000 authorized EBT (Electronic Benefits Transfer) retailers in Texas. The agency anticipates that additional staff will be required to audit and monitor compliance with the bill; however, the number of agency staff needed will be dependent on the final negotiated terms and conditions of the waiver. The agency is therefore unable to determine the number of staff at this time.

The agency assumes that costs related to adoption of the rules would be absorbed within existing resources.

The agency assumes that the technology impact would be dependent on the number of new staff required, and this is unable to be estimated until the final waiver is negotiated and approved.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, NT