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FISCAL IMPACT REPORT

ORIGINAL DATE 02/10/14

SPONSOR Youngblood LAST UPDATED _____ HB 229

SHORT TITLE Unlawful Food Stamp Dealing Penalties SB _____

ANALYST Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate			Recurring	Federal

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 229 would revise the means by which fraud values are calculated pertaining to Unlawful Dealing in Federal Food Coupons or Women, Infants, and Children (WIC) Food Program checks, and the determination of the appropriate criminal offense. It inserts the words “whether in one or more transactions within a period of twelve months or less” that allows for the aggregation of offenses for those that engage in unlawful dealing in federal food coupons or WIC checks.

FISCAL IMPLICATIONS

The fiscal impact is unknown, there could be additional costs due to more prosecutions, but there could also be cost savings from avoiding fraud.

SIGNIFICANT ISSUES

HSD notes that the United States Department of Agriculture provided data regarding potential food stamp trafficking/sales based on identified transaction trends. During State fiscal year 2013,

out of a sample of 313 suspicious Supplemental Nutrition Assistance Program (SNAP) transactions from three (3) vendors, 302 transactions (97 percent) were less than the \$500 threshold currently mandated by statute for a felony level offense. The dollar value of potential food stamp trafficking transactions in this sample of 302 New Mexico transactions totaled over \$100,000.

Without the ability to aggregate dollar values for incidents of SNAP trafficking, there is little potential for criminal prosecution due to prosecutorial priorities throughout New Mexico. Federal regulations require a criminal conviction for trafficking over \$500 to permanently disqualify a recipient from SNAP. Without the ability to criminally prosecute violators, there are no options for appropriate disqualification from the food stamp program. There is also no way to recover misused benefits by recipients who are otherwise eligible to receive these benefits. No criminal prosecution, no disqualification, and no restitution provide no deterrent to committing SNAP trafficking.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HSD believes that failure to enact the changes proposed by HB 229 will hamper the state's ability to effectively combat food stamp trafficking.

GG/ds