FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 186

SHORT TITLE: No Use of SNAP for Soft Drinks and Candy

SPONSOR: Woods/Wilson/Block

LAST UPDATE: ______ **ORIGINAL DATE:** 2/3/2026 **ANALYST:** Chenier

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		$85.0	Choose an item.	**$85.0**	Nonrecurring	**General Fund and Federal Funds**
			$420.0	**$420.0**	Recurring	General Fund and Federal Funds

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Health Care Authority (HCA)

SUMMARY

Synopsis of Senate Bill 186

Senate Bill 186 would prohibit those who receive Supplemental Nutrition Assistance Program (SNAP) benefits from using those benefits to purchase candy or sweetened drinks, as defined in the bill.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

HCA says that it will cost $85 thousand in state and federal funds to update its EBT system. The ongoing cost starting in FY28 is $420 thousand from state and federal funds for EBT lookup and processing.

SNAP benefits are issued on EBT cards. Implementation of SB 186 would require system enhancements to modify EBT functionality in order to enforce the purchase restrictions on candy and sweetened beverages as defined in the bill.

HCA stated that the bill does not appropriate funds to assist with the costs that will be associated with implementing the bill. If the bill is enacted, the Health Care Authority (HCA) would be required to work with the Electronic Benefits Transfer (EBT) processor, Fidelity National Information Services (FIS), to implement product-level purchase restrictions. This would require point-of-sale (POS) systems to identify and block items based on specific criteria, including added sugar thresholds, the presence of artificial sweeteners, and the classification of “candy.” Under the bill, “candy” would include products containing sugar, honey, or other natural or artificial sweeteners combined with chocolate, fruit, nuts, or other ingredients or flavorings, and sold in the form of bars, drops, or pieces. HCA further states this adds operational difficulty as products change formulations, resulting in frequent re-identification of items that were acceptable, now being unacceptable, and vice versa. The level of complexity for identifying eligible and ineligible items becomes more difficult for mixed or borderline products, such as granola bars, flavored waters, kombucha, smoothies, etc.

SIGNIFICANT ISSUES

HCA provided the following:

> Implementing SB 186 would require United States Department of Agriculture (USDA) approval of a waiver to be enforceable, as HCA cannot independently prohibit candy or sweetened drink purchases with federal SNAP benefits without requesting a waiver.
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> The New Mexico Administrative Code (NMAC) incorporates federal SNAP eligibility rules and SB 186 would require NMAC to be amended.
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> While promoting healthy eating is an important goal, it is critical to recognize that healthier food options are often more expensive and less accessible, particularly in rural and low-income communities. Restricting SNAP purchases to exclude certain low-cost food items may unintentionally create additional barriers for households that already struggle to stretch limited food dollars across an entire month. SNAP is designed to be a supplement to a household’s food budget, not a comprehensive solution, and many participating families must make difficult trade-offs to cover all food needs. Additional purchase restrictions risk reducing flexibility, increasing stigma, and making it more difficult for households to meet basic nutritional needs within constrained budgets.

TECHNICAL ISSUES

SB 186 does not specify an implementation timeline. Based on system, vendor, and operational requirements, and the existing backlog of change requests due to the many federal changes mandated by HR1, the HCA estimates that implementation would take at least 6 to 9 months from the date funding and authorization are available, if not longer.

EC/SEC/dw/ct