



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0391	<b>Title:</b>	Food stamp redemption at farmer's market
<b>Primary Sponsor:</b>	Furey, Kevin T	<b>Status:</b>	As Introduced

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of Fiscal Impact:

There is no fiscal impact to the state as a result of this bill. However, there are potential, but undetermined, impacts to local government.

### FISCAL ANALYSIS

#### Effect on County or Other Local Revenues or Expenditures:

1. This bill requires that a "local government that establishes a farmer's market shall ensure that a point-of-sale terminal" be available at the farmer's market.
2. Most communities in Montana have a farmer's market whether within a city, town or municipality. If the farmer's market is in a city or town, the city government would be considered the local government. If the farmer's market is in a municipality, the county government would be considered the local government.
3. The estimated cost for a non-wireless point-of-sale (POS) device is between \$350 and \$1,000 depending on the type of functionality and the required software. The cost of a wireless POS is not known at this time. However, a wireless device may not work in most rural locations as the accessibility is similar to that for the coverage and range of most cellular phone services.
4. Use of a POS requires a transaction switch or process to receive, route and return valid or invalid transaction responses. Most switches or processes charge a set up and testing fee for each type of card a merchant is processing. Montana utilizes the company eFunds for this process. eFunds charges \$250.00 per certification of card type accepted by POS's owned by Montana. Different card types would be

Montana Access EBT, Wyoming EBT, North Dakota EBT, Idaho EBT, Discover, Master Card, VISA, American Express, Diners Club, and various financial institution debit cards.

- 5. Various monthly, one-time-only, and periodic costs are associated with the purchase or lease and use of a POS. These costs would be the responsibility of the local government providing the POS device.

Estimated costs for these items and services include, but are not limited to:

- a. Terminal base lease - \$9.68 per month (based on Montana rate having 450 units)
  - b. One-time and replacement costs for hardware peripherals:
    - i. Phone cord - \$1.54
    - ii. Power supply - \$8.50
    - iii. POS overlay - \$6.06
    - iv. PinPad cable - \$7.00
    - v. Deployment service - \$38.25
  - c. PinPad replacement - \$68.75
  - d. POS Terminal replacement - \$325.00
  - e. Teletraining - \$36.25 per use
  - f. BIN storage - \$18.75 per month
  - g. Software - \$4.16 per unit per month (based on Montana rate having 450 units at \$1,875 per month)
  - h. Dedicated telecommunications port - \$468.75 per month
  - i. Interoperability fee - \$250.00 per month
  - j. POS transaction fee - \$.03 to \$0.10 per transaction
- 6. If “establishes” means that the local government runs the farmers’ market, then there would be no fiscal impact because local governments generally do not run farmers’ markets.
  - 7. If “establishes” mean that the local government allows a farmers’ market to operate, then there would be an undetermined fiscal impact for the cost of providing and staffing a point-of-service terminal.

**Technical Notes:**

- 1. 7CFR278, Participation of Retail Food Stores, Wholesale Food Concerns and Insured Financial Institutions, requires merchants who wish to accept food stamps to first be approved by the USDA Food and Nutrition Services (FNS). Merchants must complete an application process, sign an agreement and FNS will assign a number to the merchant. Merchants must also sign a state agreement or contract on how the merchant will participate in the Food Stamp program.
- 2. Most farmers who apply to accept food stamps will be approved under the federal regulations as manual retailers who are not equipped to do electronic transfers, but rather who will utilize manual vouchers for food stamps
- 3. The state Electronic Benefits Transfer (EBT) program is set up to make payments to merchants via Electronic Funds Transfer (EFT) through the Automated Clearing House (ACH) payment process to their bank accounts. Merchants accepting food stamp payment with EBT will be required to be set up with bank accounts to accept ACH deposits. The state is not set up to issue reimbursements to merchants via check or warrant.
- 4. Point-of-sale devices charge a per transaction fee between \$0.03 and \$0.10 per transaction. The bill states in New Section 1. (2) “If a merchant at a farmer’s market uses the point-of-sale terminal for accepting credit card payments, the merchant is responsible for the payment of the transaction fees.” The bill does not address payment of the transaction fees for use of the EBT card for food stamp purchases.

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*Sponsor’s Initials*

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*Budget Director’s Initials*

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