

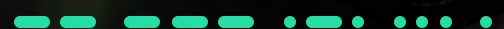


MORE RULES · MORE ENFORCEMENT · OCTOBER 2026

The register is the **new audit**.

SNAP retailers face more rules than ever, enforced by more undercover shoppers than ever. Here is what changed in 2026, and why one scan can now start the clock on losing SNAP.

Every figure is drawn from a published USDA source, a federal case record, or named industry reporting. Numbered references link to the full source list.



Turned away three times. **Disqualified on the fourth.**

An undercover investigator walks into a convenience store and tries to buy a non-food item with SNAP benefits. The clerk refuses. The investigator comes back and tries again. Refused. Again. Refused. On the fourth visit, the investigator buys a lighter. The store is disqualified from SNAP.

That account comes from a defense attorney who represents stores sanctioned for SNAP violations, reported in NACS Magazine in August 2026.⁴ He described a broader shift: stores he once saw disqualified only after repeated purchases of non-food items were now being disqualified over a single one.⁴ It is one attorney's experience, not an official policy statement. But it captures something the public record confirms: in 2026, the SNAP rulebook got far bigger, and the people checking it got far busier.

~50,000

undercover compliance visits USDA conducts each year²

+21%

increase in SNAP sanctions against convenience stores, FY 2024⁴

23

states approved for SNAP restriction waivers, each with its own definitions¹⁷

The argument **in brief.**

01 **More rules.**

State restriction waivers turned a uniform national definition of SNAP-eligible food into a state-by-state patchwork, made compliance a condition of keeping SNAP, and keep changing mid-year.^{1,17} Stricter stocking standards arrive November 4.⁴

02 **More enforcement.**

USDA's undercover program now tests restricted items in waiver states,¹ states can run their own test purchases,¹ and 2026 brought coordinated sweeps in Ohio, Los Angeles, and New York City.^{2,3,5}

03 **One point of failure.**

Both converge at the register. For a waiver violation, there is no fine to absorb: a warning letter, then exposure to involuntary withdrawal from SNAP.¹

More rules.

One national definition of SNAP-eligible food became 23 state definitions.¹⁷

23 states, 23 rulebooks, and they won't sit still.

For decades, SNAP eligibility was close to uniform nationwide. In 2026, USDA began letting states redefine it. Waivers have now been approved for 23 states,¹⁷ each with its own definitions and implementation dates.¹ The first five implementing states alone restricted more than 21,000 items.¹⁰

USDA made clear these are not optional. Its December 2025 memo states that waiver compliance is required to maintain SNAP authorization, and that the retailer application would be updated to make it a mandatory condition.¹

Your warehouse may answer to several states at once

Walk-in stores follow the rules of the state they sit in. Orders fulfilled from a warehouse follow the shopper's EBT card state, identified by the card's Bank Identification Number, so USDA notes some retailers must comply with multiple states' waivers simultaneously.¹

The rules change **mid-year**.

● June 22, 2026	A federal court vacated USDA's approval of the Colorado, Iowa, Nebraska, Tennessee, and West Virginia waivers. ¹⁷
● July 2, 2026	USDA directed retailers in Iowa, Nebraska, and West Virginia to stop implementing those restrictions. ¹⁴
● October 1, 2026	Ohio's sugar-sweetened beverage restriction took effect, with more state restrictions scheduled into November. ¹⁶
● November 4, 2026	New stocking standards take effect: seven varieties per staple category, up from three. ⁴

Other approved waivers remain in force unless USDA withdraws them or a court separately invalidates them,¹⁵ and USDA said it will not back down.⁴ Every change means re-coding the register: re-enabling items in one state while restricting a different set in another.

500 hrs

one chain's reported effort to implement a single state's beverage rules, before the next state's rules differed⁴

21,000+

items restricted across the first five implementing states¹⁰

The 500 hours belonged to Cubby's, a convenience chain operating in Iowa, Nebraska, and South Dakota. Its COO reported that Iowa's rules then differed from Nebraska's, and Nebraska followed with a separate candy restriction.⁴ The grocery and convenience trade associations have reported thousands of unresolved product-definition questions, particularly for private-label and locally sourced items.⁹

50,000 undercover visits a year, now checking the candy aisle.

Waiver enforcement did not require new machinery. USDA conducts nearly 50,000 undercover compliance visits every year.^{2,3} Beginning 90 days after each state's implementation date, its investigators add attempts to buy restricted items under that state's rules.¹

Those visits already catch exactly this kind of failure. In FY 2024, USDA conducted 12,525 investigations and issued 2,711 sanctions (2,265 against convenience stores, up 21% from the prior year), and most stemmed from clerks allowing SNAP benefits to buy ineligible items.⁴ Those figures were reported by the former USDA official who adjudicated retailer appeals on the agency's behalf.⁴



Most SNAP sanctions already come from an ineligible item getting through at the register.
Waivers just made the list of ineligible items much longer.

2026: the year of **the sweep.**

OPERATION	RESULT	INELIGIBLE-ITEM CASES
Ohio, June 2026 with state investigators and USDA OIG	Violation notices to 19 retailers. ³	Charges included accepting benefits for alcohol, tobacco, and other prohibited items. ³
Los Angeles, July 2026 with USDA OIG and Homeland Security Investigations	Charge letters to 33 retailers. ²	27 of 33 were for exchanging benefits for ineligible items. ²
New York City, September 2026 "Operation SNAP Back"	Hundreds of undercover investigations; action against 170 retailers. ⁵	Violations included accepting benefits for alcohol and other ineligible items. ⁵

27 of 33

Los Angeles charges for selling ineligible items rather than trafficking²

2

inspectors: USDA, plus states running their own test purchases¹

A second inspector: the states

Waiver states can issue SNAP cards to designated state personnel specifically to run test transactions, and must send the results to USDA, which takes the administrative action.¹ States can also pursue criminal investigations under an agreement with USDA.¹ Ohio’s June operation with its state investigative unit shows that partnership already working.³

One scan, **two strikes.**

For a waiver violation, USDA’s framework has no fine stage.¹

GRACE PERIOD

A one-time 90-day window after each state’s implementation date. For most active waiver states, it has closed.¹

STRIKE ONE

An official Warning Letter from USDA’s Office of Retailer Operations and Compliance.¹

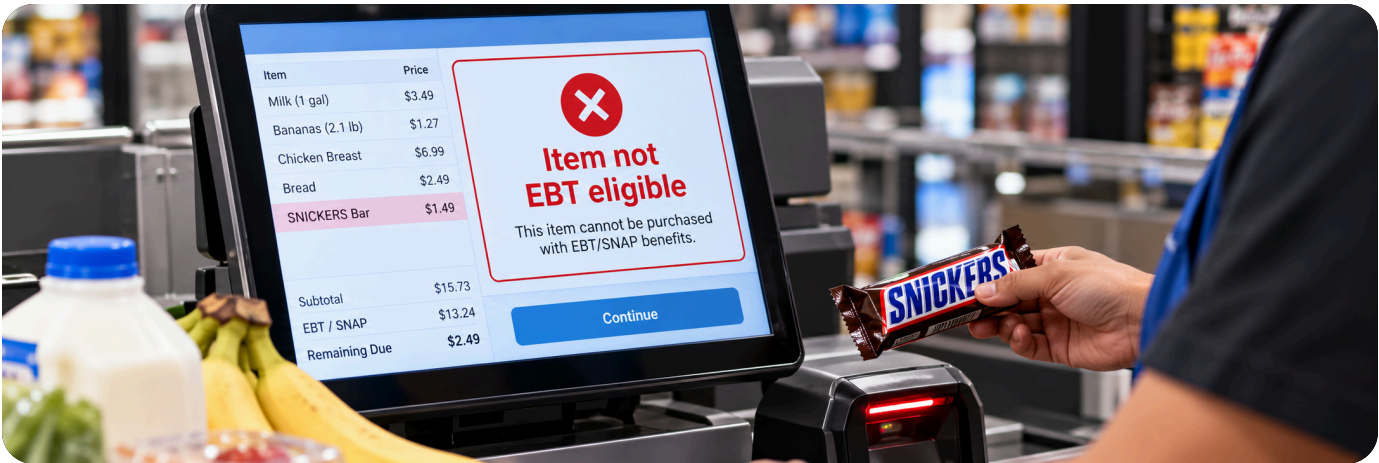
STRIKE TWO

After 30 days, further investigation. A second finding exposes the store to Involuntary Withdrawal from SNAP.¹

GETTING BACK IN

A new application, with owners signing an attestation committing to waiver compliance.¹

This is why waiver enforcement won’t look like headline fines. Through September 2026, USDA reported no enforcement actions tied to Indiana’s restrictions, even as it took 61 other actions against Indiana retailers that year.⁷ When consequences surface, they will be warning letters, and then withdrawals.



“It was a clerical error” **has not worked.**

USDA's published appeal decisions show register errors treated as violations whatever the intent. These cases predate the waivers and involve non-food items, but the failure mode is the same.

CASE	THE STORE'S EXPLANATION	OUTCOME
Pit N Go #3	Items weren't properly entered in its system, so the register allowed them. ¹¹	USDA determined a six-month disqualification was warranted. ¹¹
Matson Food Mart	A clerical error. ¹²	Regulations bar excusing ownership from penalties on that basis. ¹²
Kelso Ranch Market	Ineligible non-food items sold on four occasions. ¹³	Six-month disqualification; a fine in lieu was found not appropriate. ¹³

6 of 795

stores sanctioned for trafficking in FY 2024 that avoided permanent disqualification on the strength of their training programs⁴

Even the trade groups are asking for room to make mistakes

In January 2026, the National Grocers Association and NACS jointly asked USDA for a reasonable margin of error and safe-harbor protection for good-faith compliance,⁸ warning that changing formulations, package sizes, labeling, and seasonal items make flawless execution nearly impossible.⁹ FMI asked that withdrawal apply only to knowing violations.¹⁰ The December 2025 memo contains no such exception,¹ and we found no public USDA action adding one.



PART 4

What we don't know yet.

No waiver-specific penalty has surfaced publicly.

We found no public report of a warning letter or withdrawal under a restriction waiver.⁷ Individual warning letters do not appear in the USDA announcements we reviewed, so the record cannot confirm whether any have been issued.

The legal map is still moving.

The June ruling covered five states, and advocates describe it as a possible roadmap for further challenges.¹⁵ That instability is itself part of the compliance burden.

Publicized sweeps have targeted smaller stores.^{2,3,5}

For larger operators, exposure is a function of scale: across hundreds of locations and thousands of SKUs, a small error rate creates many chances for a first strike, and a second strike at any location means losing SNAP there.

Six questions to ask about your stores.

01 **Do you know, by UPC, what's restricted in each state you operate in?**

Investigators test against each state's own definitions.¹

02 **How fast does your pricebook change when a rule does?**

Rules changed mid-year through litigation, agency direction, and new implementations.^{14,16}

03 **How are private-label and new items classified?**

The trade groups flagged these as least clearly defined.⁹

04 **Do online orders apply the shopper's state rules?**

Warehouse orders follow the EBT card state.¹

05 **Could you prove what you restricted, and when?**

"Clerical error" has not excused ownership.¹²

06 **Are your stores ready for November 4?**

Stocking failures carry a six-month disqualification.⁴

Make the register the **easiest audit** you'll ever pass.

Morse IDP turns every state's restriction rules into one governed eligibility decision for each UPC, in every state where you operate. State rulebooks are continuously monitored, so new implementations, revised definitions, and court rulings are reflected in your restricted-product list automatically.

Decisions flow into the point-of-sale and pricebook systems your team already uses, through your payments partner. Once configured, the program runs on its own, with no ongoing classification or monitoring work for your staff. Every publication is versioned and timestamped, so if a federal or state agency asks what your stores restricted and when, you answer with a complete evidence package. Every published decision is backed by an insurance guarantee.

Morse also operates ebtEDGE, the official EBT app of record in more than 35 states, so the team behind your restricted-product list already works inside the SNAP ecosystem every day.

SEE IT AGAINST YOUR CATALOG

Book a 30-minute walkthrough using a sample of your own UPCs to see how your assortment maps across every state you operate in.

itsmorse.com/item-decisioning-platform →

This white paper is provided for informational purposes and reflects publicly available information as of October 1, 2026. It is not legal advice. Morse provides compliance decisioning and evidence support; consult counsel regarding your specific obligations. State scope and effective dates are subject to regulatory and litigation change.

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ABOUT MORSE

Leading a **new era** of enterprise evolution.

Morse advances machine intelligence to empower the human workforce. We build Morse IDP for retail compliance and operate ebtEDGE, the official EBT app of record in more than 35 states.

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