

# SENATE BILL REPORT

## SB 6047

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As Passed Senate, February 12, 2014

**Title:** An act relating to setting a maximum annual gross sales amount for cottage food operations.

**Brief Description:** Setting a maximum annual gross sales amount for cottage food operations.

**Sponsors:** Senators Rolfes and Hewitt; by request of Department of Agriculture.

**Brief History:**

**Committee Activity:** Agriculture, Water & Rural Economic Development: 1/16/14, 1/20/14 [DP].

Passed Senate: 2/12/14, 49-0.

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### SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Hatfield, Chair; Honeyford, Ranking Member; Brown, Eide, Hobbs and Schoesler.

**Staff:** Diane Smith (786-7410)

**Background:** Non-potentially hazardous foods prepared in a home kitchen for sale directly to the consumer may be licensed as cottage foods by the Washington State Department of Agriculture (WSDA) if annual gross sales are under \$15,000 per year. The permit processing fee is \$30 per year, paid to WSDA. In addition, there is a public health review fee of \$75, and an annual inspection fee of \$125 for a total of \$230. All fees are paid into the agricultural local fund.

Cottage food products are non-potentially hazardous baked goods, jams, jellies, preserves, and fruit butters as those terms are defined in federal regulations, and other non-hazardous foods as they are identified by WSDA by rule. Cottage food operations are persons who produce cottage food products in the home kitchen of their primary domestic residence only for sale directly to the consumer.

The annual gross sales ceiling is set by WSDA under statute and requires WSDA to set the amount at \$15,000 from the beginning of the program, which was established in the 2011

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legislative session and issued its first permit in June 2012. Beginning January 1, 2013, WSDA must increase this amount biennially to reflect inflation. The Cottage Food Permit exempts the holder from compliance with the Washington Food Processing Act.

**Summary of Bill:** The provisions for initial establishment of the \$15,000 ceiling and for its adjustment by inflation are deleted. The new ceiling is \$25,000 which WSDA may increase by rule.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The cottage food program is ideal for small at-home business startups, which are often preferred by the retired and young stay-at-home parents. When initiated two years ago, the recession had moved some previously employed people into more entrepreneurial activities to earn income. Without this program, the only option for bakers and other small-output businesses was to rent professional, commercial kitchen time, if available. The \$15,000 was a compromise number reached after intensive debate. The program has been successfully administered by WSDA and county health departments. A ceiling above \$25,000 triggers regulation by the federal Food and Drug Administration, which is much more proscriptive.

OTHER: There is a concern that increasing the dollar ceiling will increase the amount of product and increase the risk of food-borne illness. There is a lack of transition facilities for entrants to the field to leverage their businesses from their home kitchens. Fostering cottage food businesses will enhance the local food movement by making micro-farming more feasible. Processing produce at or near the farm will reduce exports of raw produce for processing out of state. Adding new food items to the allowed list should go slowly. WSDA's inclusion of only permittees in its yearly conference is shortsighted because those not currently fitting into the program may have worthy contributions to make for future changes.

**Persons Testifying:** PRO: Senator Rolfes, prime sponsor; Mark Streuli, Kirk Robinson, WSDA.

OTHER: James Curry, NW Food Processors Assn.; Pamela Wirkkala, citizen.