

SENATE BILL REPORT

SHB 1500

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, March 9, 2023

Title: An act relating to increasing the cap on gross sales for cottage food operations.

Brief Description: Increasing the cap on gross sales for cottage food operations.

Sponsors: House Committee on Agriculture and Natural Resources (originally sponsored by Representatives Eslick, Chapman, Jacobsen, Ramel, Leavitt, Walen, Peterson, Couture, Paul, Doglio and Macri).

Brief History: Passed House: 2/16/23, 98-0.

Committee Activity: Agriculture, Water, Natural Resources & Parks: 3/09/23 [DPA-WM].

Brief Summary of Amended Bill

- Increases the cap on annual gross sales for cottage food operations.
- Directs the Department of Agriculture to review and increase the cap on annual gross sales every four years.
- Requires cottage food permits to be renewed every two years instead of annually.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Van De Wege, Chair; Muzzall, Ranking Member; Rolfes, Shewmake, Short, Stanford, Wagoner and Warnick.

Staff: Delika Steele (786-7486)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: Any person operating a food processing plant or processing foods for retail sale must obtain a food processing plant license from the Department of Agriculture (WSDA). License fees are set in statute and based on gross annual sales. Certain establishments licensed under other WSDA programs, including the state cottage food program, are exempt from the food processor plant license requirement.

Under the state cottage food program, a person may produce certain non-hazardous food products in a home kitchen for direct sale to a consumer. In order to operate a cottage food business, a person must obtain a cottage food permit from the WSDA, and permits must be renewed annually with a \$75 public health review fee, a \$30 processing fee, and an inspection fee of \$125 for any initial or annual basic hygiene inspections conducted. Examples of products that may be produced under a cottage food permit are baked goods, jams, jellies, fruit butters, and preserves. Annual gross sales for a cottage food business is capped at \$25,000. If the gross sales of a cottage food business exceeds \$25,000, the business must either acquire a food processor's license, or cease operations.

Summary of Amended Bill: The cap on annual gross sales for cottage food products is increased from \$25,000, to \$35,000. The Department of Agriculture (WSDA) must review the cap every four years. The WSDA must increase the cap by expedited rulemaking based on that year's Consumer Price Index for the Seattle area as compiled by the Bureau of Labor Statistics, United States Department of Labor.

The WSDA must employ sufficient full-time equivalent staff to ensure timely processing of cottage food applications, and provide improved service to cottage food businesses.

Instead of annually, cottage food permits must be renewed every two years.

EFFECT OF AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE AMENDMENT(S):

Lowers the cap on annual gross sales for cottage food products from \$50,000 to \$35,000.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* No public hearing was held.

Persons Testifying: N/A

Persons Signed In To Testify But Not Testifying: N/A