OKLAHOMA'S COTTAGE FOOD LAW

OK The Home Bakery Act of 2013 (HB 1094)

established a fairly restrictive cottage food law on 11/1/2013.

Producers can only sell certain types of baked goods, and sales are limited to \$20,000 per year, but no license from the health department is required.

Nothing else other than baked goods is an allowable cottage food in Oklahoma - that means NO jams, jellies, pickles, salsa, etc.

Producers may only sell at their home. This ruling has caused a lot of controversy because there is not language in the law to back it up, but the health department has taken a firm stand that that is their interpretation of the law.

There is also "<u>Oklahoma Honey Sales Act</u>" (SB 716) went into effect in 2013, which allows small-scale honey producers to sell without much regulation.

An amendment bill (<u>SB 696</u>) did not pass in 2015, which would have allowed more types of cottage food businesses and sales venues. However, it was not popular with some people using the current law, as it would have forced them to get trained and submit product labels before continuing their business. A less restrictive version of this bill (<u>SB 1915</u>) also did not pass in 2014. For updates, check out this facebook page.

The new OK Home Baking act of 2017

As of 11/1/2017, allowed cottage food products can be sold at the following venues:

- Farmers markets; According to the Oklahoma State Department of Health, a "farmers market is defined as a designated area in which farmers, growers or producers from a defined region gather on a regularly scheduled basis to sell at retail non-potentially hazardous farm food products and whole shell eggs to the public. A portion of the raw food ingredients used by the individual vendor to produce a product must have been grown or raised by the vendor. If a home food establishment plans to sell at a farmers market, they must obtain a "Sales Tax Permit." These are required at farmers markets.
- On site (at the home);
- By phone and internet with delivery occurring ONLY within the state of Oklahoma;
- Cooperatives (such as the Oklahoma Food Cooperative);
- Membership-based buying clubs (for example a local "Dessert of the Month Club").

Allowed locations does not include sales at retail and grocery stores, restaurants, bed and breakfasts, or wholesalers;

Allowed foods under 2013 HB 1094

Bread

Bagels Biscuits Breads Brownies Cakes Cookies Muffins Pizzelles Rolls Scones Sweet breads

Baked Candy

Pastries Cones Danish Other Pastries Pies

Snacks Crackers & Pretzels Granola

Label requirement under HB 1094 - see sample below

- Any "prepared food" sold by a "home food establishment" must have a label affixed, when possible, to the product containing the following information:
 - 1. Name and address of the home food establishment;
 - 2. Name of prepared item;
 - 3. In at least a 10-point font, in a color that provides clear contrast to the background of the label. This statement should appear: "Made in a home food establishment that is not licensed by the State Department of Health."
- If a label is not easily affixed to the packaging of the bakery item, a free-standing label may be placed by the product or placed on the receipt.

Sample Label

Chocolate Chip Cookies

"Made in a home food establishment that is not licensed by the State Department of Health"

Forrager Cookie Company

123 Chewy Way, Cookietown, OK 73531

Cottage Food Laws Overview State by State Comparison as of Aug 2018

Harvard Law School - Food Law and Policy Clinic (FLPC)

August 2018 Report (64 pages) examines trends in cottage food laws and provides recommendations to strengthen these laws that allow food entrepreneurs to sell their homemade foods. Comparison data below excerpted from the FLPC 2018 report.

https://www.chlpi.org/wp-content/uploads/2013/12/FLPC_Cottage-Foods-Report_August-2018.pdf

Cottage food laws allow small-time producers to use appliances in their homes to bake, cook, can, pickle, dry or candy certain low-risk foods for sale. By contrast, state laws require all other food producers to process foods in licensed kitchens.

They are not required to obtain a **license** or **permit** from the Health Dept or Department of Agriculture and Consumer Services and are not inspected by the state.

Currently, laws in forty-nine states and Washington, D.C. allow for cottage food sales, but these laws vary widely as to what types of foods, producers, and sales they allow. New Jersey does not yet have cottage food laws.

6 Trends in the differences between states' cottage food laws:

1. The types of cottage food products allowed to be sold.

Allowed Foods Not Limited to a List	E.g., "non-potentially hazardous foods" or "non-potentially hazardous foods, including, but not limited to" or "non-potentially hazardous foods, excluding"	Alabama (home processed products), Alaska, Colorado, Connecticut (cottage food), ² Delaware (cottage food), Florida, Georgia, Hawaii, Idaho, Illinois (cottage food), Indiana, Iowa (cottage food), Maine, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, North Carolina, North Dakota, Oregon (domestic kitchen), Pennsylvania, Rhode Island, ³ Tennessee, Utah, Vermont (home caterer, exempt food processor), West Virginia, Wyoming
Allowed Foods Limited to a List	E.g., "foods are limited to the following [categories or items]:"	Alabama (cottage food), Arizona, Arkansas, California, Connecticut (residential farmers), ³ Delaware (on-farm home processing), ³ District of Columbia, Illinois (home kitchen), Iowa (home bakery), Kansas, Kentucky, ³ Louisiana, Maryland, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, Ohio, Oklahoma, Oregon (cottage food, farm direct ³), South Carolina, South Dakota, Texas, Vermont (home bakery), Virginia, Washington, Wisconsin
Does Not Allow Cottage Foods		New Jersey

FIGURE 1. TYPES OF COTTAGE FOOD PRODUCTS ALLOWED'

1. Several states allow different types of operations to produce different varieties of products. For such states, the operations that fall within each category are indicated in parentheses.

2. Connecticut's cottage food law goes into effect Oct. 1, 2018.

3. In Kentucky and Rhode Island, only farmers may sell cottage food products. Connecticut, Delaware, and Oregon have a tier of cottage food production that is available only to farmers.

FIGURE 2. WHERE COTTAGE FOOD PRODUCTS CAN BE SOLD'

Allows Both Indirect and Direct Sales (including restaurants, retail, wholesale, etc.)	Arizona, California (Class B), Iowa (home bakery), Louisiana (excluding baked goods), Maine, New Hampshire (licensed), New York, North Carolina, Ohio, Oregon (domestic kitchen), Pennsylvania, Vermont (home caterer, exempt food processor)
Allows for All Direct-to-Consumer Sales	Alabama (cottage food), Alaska, Colorado, Georgia, Hawaii, Idaho, Illinois (home kitchen), Kansas, Kentucky, Louisiana (baked goods), Massachusetts, Michigan, Mississippi, Missouri, Montana, New Mexico, North Dakota,2 Oregon (cottage food, farm direct), Tennessee, Utah, Vermont (home bakery), Washington, Wyoming (food freedom) ²
Allows for Direct- to-Consumer Sales Only at Limited Venues	Alabama (home processed products), Arkansas, California (Class A), Connecticut, Delaware, District of Columbia, Florida, Illinois (cottage food), Indiana, Iowa (cottage food), Maryland, Minnesota, Nebraska, Nevada, New Hampshire (exempt), Oklahoma, Rhode Island, South Carolina, South Dakota, Texas, Virginia, West Virginia, Wisconsin, Wyoming (cottage food)

1. Several states allow different types of operations to sell products in different settings. For such states, the operations that fall within each category are indicated in parentheses.

2. Food freedom laws in North Dakota and Wyoming require that the product be for home consumption only.

3. Required registration, licensing, permitting, or inspection requirements for cottage food operators.

Twelve states allow cottage foods to be sold indirectly, such as at retail stores or restaurants, at least in certain circumstances. These states generally include additional requirements to protect the consumer. For example, Ohio allows cottage food products to be sold to both grocery stores and restaurants without requiring any additional licensure, but stipulates that food products are subject to food sampling conducted by the state. In New Hampshire, "homestead food operations" (their term for cottage food operators) can sell to "restaurants or other retail food establishments, over the Internet, by mail order, or to wholesalers, brokers, or other food distributors who will resell the product", so long as they obtain a license from the New Hampshire Department of Health and Human Services.

FIGURE 3. REQUIRED REGISTRATION, LICENSES, AND/OR PERMITS¹

Requires Both (1) Food Safety or Food Handler Course for Operator And (2) Registration, Permit, or License for Premises	California, Connecticut (cottage food), ² Delaware, District of Columbia, Georgia, Illinois (cottage food), Kentucky (home- based microprocessors), Minnesota, New Mexico, Utah
Requires Food Safety or Food Handler Course for Operator	Alabama (cottage food), Colorado, Connecticut (residential farmer), Hawaii, Oregon (cottage food), Texas
Requires Registration, Permit, or License for Premises	Arizona, Iowa (home bakery), Kentucky (home-based processors), Maine, Massachusetts, Montana, Nevada, New Hampshire (licensed), New York, North Carolina, Ohio (home bakery), Oregon (domestic kitchen), Pennsylvania, Rhode Island, Vermont (home bakery), ³ home caterer), Washington, West Virginia (canned acidified foods only)
No Registration, Permit, License, or Food Safety Course Required	Alabama (home processed products), Alaska, Arkansas, Florida, Idaho, Illinois (home kitchen), Indiana, Iowa (cottage food), Kansas, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire (exempt), North Dakota, Ohio (cottage food), Oklahoma, Oregon (farm direct), South Carolina, South Dakota, Tennessee, Vermont (exempt food processor), Virginia, West Virginia (excluding canned acidified foods), Wisconsin, Wyoming

 Several states require different operations to obtain different types of registration, licensing, and permits. For such states, the operations that fall within each category are indicated in parentheses.

2. Connecticut's cottage food law goes into effect Oct. 1, 2018.

 Home bakers in Vermont who make less than \$125 per week are exempted from licensing and inspection requirements. 4. How much revenue a cottage food producer can generate before they must move to a commercial facility.

Sales limits vary significantly by state. In South Carolina, a cottage food producer cannot make more than \$15,000 in annual gross sales.80 In contrast, other states like Texas limit the sale of cottage foods to \$50,000 per year.81 Colorado sets a \$10,000/year sales limit for each eligible food item, but a cottage food producer may have multiple eligible food items (i.e. different flavors of jam), which allows producers to earn more total revenue.82 And more than half of states, including Georgia, Massachusetts, New York, North Carolina, and Tennessee, do not place a sales limit on cottage food operations or have no limit on at least some types of cottage food operations.

In some states, the operator must obtain more training or a license if they exceed a certain amount of revenue. For example, in Minnesota, cottage food operators that make between \$5,000-\$18,000/year must complete an in-person food safety training, but those that make under \$5,000 only have to complete an online training.87 In New Hampshire, cottage food producers that make over \$20,000 annually must obtain a license from the New Hampshire Department of Health and Human Services.

Sales limits are likely appealing to state policymakers because they limit the scale of operations that are allowed to sell without full food safety precautions in place. If there is a foodborne illness outbreak from one of the cottage food operations, a sales cap also limits the potential harm from the outbreak by limiting the total sales. That said, sales limits also prevent cottage food operators from scaling up and generating a livable income from their business, particularly if the sales limit is very low. Advocates and

\$10,000 or less	Colorado (each product or flavor), South Dakota (baked goods sold out of producer's home only), Vermont (exempt food processors), Virginia (acidified products and pickles only), Wisconsin (pickles)
\$10,001- \$30,000	Alabama (cottage food), Alaska, Connecticut (cottage food), ² Delaware (cottage food), District of Columbia, Illinois (home kitchen), Louisiana, Maryland, Michigan, Minnesota, Mississippi, New Hampshire (exempt), Oklahoma, Oregon (cottage food, farm direct), South Carolina, Washington
\$30,001- \$50,000	California, Delaware (on-farm home processing), Florida, Iowa (home bakery), Kentucky (home-based microprocessors), Missouri, Nevada, Texas
No Sales Limit	Alabama (home processed products), Arizona, Arkansas, Connecticut (residential farmers), Georgia, Hawaii, Idaho, Illinois (cottage food), Indiana, Iowa (cottage food), Kansas, Kentucky (home-based processors), Maine, Massachusetts, Montana, Nebraska, New Hampshire (licensed), New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon (domestic kitchen), Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont (home bakery; home caterer), Virginia, West Virginia, Wisconsin (baked goods; by court decision). ³ Wyoming
	decision), ³ Wyoming

FIGURE 4. LIMITS ON SALES'

- 1. Several states have different sales limits for different types of operations. For such states, the operations that fall within each category are indicated in parentheses.
- 2. Connecticut's cottage food law goes into effect Oct. 1, 2018.
- 3. Although Wisconsin's cottage food legislation does not address baked goods, a court ruling on October 2, 2017 clarified that home bakers may sell low-risk baked goods and that there can be no sales limit for baked goods.

policymakers should consider the unique landscape of their cottage food industry when deciding whether to impose a sales limit.

5. Labeling requirements.

Generally, cottage food products must be labeled with some combination of the following "typical" label information:• Name and address of producer• Common or usual name of product• Ingredients of product • Food allergens• Net weight or net volume of food product • Date on which the food was processed• A statement similar to the following: "Made in a home kitchen that has not been inspected by the [state] department of health (or department of agriculture)."Although the above labeling elements are typical, state laws still vary widely.

Virginia, as well as several other states, require the cottage food label to include the name, address, and telephone number of the person preparing the food product, the date the food product was processed, and the following disclaimer on the principal display panel: "NOT FOR RESALE -- PROCESSED AND PREPARED WITHOUT STATE INSPECTION."

Typical Labeling Requirements	Arizona, Arkansas, California, Colorado, Connecticut (cottage food), ² Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa (home bakery), Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming (cottage food)	
Limited Labeling Requirements – Contact Information and/or Disclaimer Only	Alabama, Alaska, Connecticut (residential farmers), Idaho, Iowa (cottage food), Louisiana, Nebraska, North Dakota, Oklahoma, Virginia	
No Labeling Requirements	Wyoming (food freedom)	

FIGURE 5. REQUIRED LABELING¹

1. Several states have different labeling requirements for different types of operations. For such states, the operations that fall within each category are indicated in parentheses.

2. Connecticut's cottage food law goes into effect Oct. 1, 2018.

6. Tiered systems for different types of foods, producers, or sales.

California distinguishes between Class A Cottage Food Operations, which can only sell directly to consumers, and Class B Cottage Food Operations, which can sell indirectly in counties that permit indirect sales. Class B Operations must get a permit from the county in which they are operating in order to make indirect sales and must be open to a discretionary inspection by the local health agency. A bill being considered in the California legislature in 2018 would create a third tier for "Microenterprise Home Kitchen Operations," which would allow home cooks to sell almost any type of prepared food from their home kitchens without being subject to the same requirements as commercial kitchens. The bill would limit microenterprise home kitchen operations to no more than one full-time equivalent food employee and \$50,000 in annual sales. In Illinois, "cottage food operations" and "home kitchen operations" are treated differently under state law. These two laws were enacted and amended at different times to regulate different types of home food production. Cottage food operators can sell any food or drink not containing hazardous ingredients, whereas home kitchen operators can only sell baked goods. Cottage food operators have no sales limit; home kitchen operators are limited to gross monthly sales of \$1,000 or less.100Cottage food operators must register with the local department of health and get a food safety certificate, whereas home kitchen operators are not required to get any registration or permit.

AlabamaCottage Food: limited items; all direct to consumer sales Home Processed Products: broader items; certified farmers market sales onlyCaliforniaClass A Cottage Food: direct to consumer sales only Class B Cottage Food: indirect sales in certain countiesConnecticutCottage Food: anyone producing low-risk items1 Residential Farms: farmers producing jams and acidified canned food or farmDelawareCottage Food: anyone producing low-risk items On-Farm Home Processing: farmers producing listed items on-farmIllinoisCottage Food: variety of allowable foods Home Kitchen: baked goods onlyIowaCottage Food; low-risk food items Home Bakery: bakery items including higher-risk itemsKentuckyHome-Based Processors: farmers producing low-risk products Home-Based Microprocessors: farmers producing higher-risk products Licensed Homestead Food Operation: no sales cap; indirect and interne sales allowedOhioCottage Food; listed low-risk foods	
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Home Bakery: baked items including higher-risk items	
Cottage Food: low risk baked goods and confectionary	
Oregon Domestic Kitchen: broad range of allowed foods	
Farm Direct: farmers processing acidified foods with ingredients from or production	vn
Home Bakery: baked goods	
Vermont Home Caterer: prepackaged and on-demand food items	
Exempt Food Processor: jarred and packaged products	
Baked Goods: baked goods allowed, according to court decision	
Wisconsin <i>Pickles and Canned Goods:</i> canned goods allowed, according to state legislation	
Food Freedom: all foods except some meat, poultry, and fish; foods must be sold to an informed end consumer for home consumption only	t
Cottage Food: non-potentially hazardous foods; no limit on where food consumed	

FIGURE 6. STATES WITH TIERED COTTAGE FOOD SYSTEMS

1. Connecticut's cottage food law goes into effect Oct. 1, 2018.

States have used 6 policymaking methods to legalize cottage foods; either as standalone or in combination.

- 1. Amending the definition of "food establishment". Some states have amended the definition of "food establishment" in their adoption of the FDA Food Code in order to allow home kitchens in private homes to prepare food for sale in venues beyond charity or religious functions. Such as (a) For sale or service at a religious, charitable, or fraternal organization's bake sale or similar function; or (b) for sale directly to the consumer at a farmers market if the consumer is informed by a clearly visible placard at the sale location that the food was prepared in a kitchen that is not subject to regulation and inspection by the regulatory authority. They can also specify a cap on average gross retail sales; e.g. \$10,000/year
- 2. Enacting stand alone cottage food legislation. Some states choose legislation to provide more comprehensive laws that define the parameters for producing and selling cottage foods in the state.

Colorado's Cottage Food Act exempts cottage food operations from the Colorado Food Protection Act when the cottage food producer makes certain non-potentially hazardous foods. Standalone cottage food policies can be particularly convenient for cottage food producers because they tend to be a clear, one-stop-shop to learn what rules apply to cottage food production in the state.

In states that allow cottage food production through standalone legislation, it is common for the legislature to act to allow cottage foods generally, but then direct a state agency to determine the details of the law through regulations. For example, Maryland's cottage food law, passed by the state legislature in 2012, directs the Department of Health to adopt regulations to carry out the requirements of the legislation.24 Maryland's legislation generally releases cottage food businesses from state licensing requirements and sets labeling requirements for cottage foods, but gives the Department of Health authority to issue regulations providing more specific information.

 Creating regulations on cottage food. Some states enact administrative regulations addressing cottage foods, which can exist alongside legislation or independently. In some states, state agencies such as the state Department of Health or Department of Agriculture create regulations that govern cottage food production and sale.

In some states, state agencies have created cottage food laws entirely through regulations, without the state legislature passing a new statute.

For example, Georgia's cottage food law is contained wholly within the state Department of Agriculture regulations.27 Georgia's regulations allow cottage food producers to sell any non-potentially hazardous food directly to consumers once they register and obtain a license from the Department of Agriculture's Food Safety Division.28 To determine whether the state Department of Agriculture or Department of Health should develop regulations in a specific state, one should determine which agency has primary food safety authority, keeping in mind that in some states, that authority is divided between the two agencies.Regulatory agencies generally have the expertise in food safety and health inspections that is required to create a cottage food regime. However, enacting cottage food laws solely through regulation can be more challenging than enacting laws through

legislation. Regulatory agencies tend to focus narrowly on food safety and may be less responsive than legislators to economic development arguments. Given the challenges and drawbacks of addressing cottage food in each branch of government, a joint system where the legislature defines the broad parameters of a cottage food system and delegates the detailed food safety requirements and training or guidance functions to the agency, can create cottage food laws that are both responsive to public demand and based in sound food safety science.

4. **Providing guidance on state agency websites.** In at least one state, the state agency in charge of food safety has encouraged cottage food sales by posting guidelines for home-based food businesses on its website, despite absence of legislation or regulations allowing cottage foods.

In North Carolina, the Department of Agriculture & Consumer Services provides detailed guidance on its website for home-based food producers operating in the state.29 The agency requires that producers apply for a permit and it conducts a home inspection before permitting a producer to sell its products. Although an agency website might be a fast way to promote the state's cottage food industry, it is not an ideal structure since without any formal laws or regulations the agency could change its mind at any time and modify or take down the website that cottage food producers are relying on for guidance.

5. **Enacting food freedom laws.** Another tactic for enabling cottage food sales is to enact "food freedom" laws, which broadly allow cottage food producers to prepare and sell almost any food or beverage within the state without being subject to food safety inspection or licensing.

A growing number of states are considering or passing "food freedom" laws, which provide broad exemptions from food safety regulations to food producers in the state when they sell directly to willing customers.

Wyoming's Food Freedom Act, passed in 2015, exempted producers of "any product which may be consumed as food or drink," with the exception of some animal products, from all licensing, permitting, certification, packaging or labeling regulations when the food was sold directly to an informed end consumer at a farmers market or through sales out of the producer's ranch, farm, or home. In 2017, Wyoming amended its food freedom law by expanding the types of animal products that could be sold under the law to include fish and rabbit. It does not distinguish between low-risk and high-risk food products, instead allowing a broad range of products, including some animal products, to be sold without licensure. The law does not put a cap on revenue, and does not require any labeling of the product. Food freedom is still limited, however, as to how it may be sold. Sales must be made directly to an "informed end consumer," meaning that the producer must disclose to the purchaser that the operation has not undergone food safety inspections or certification. Furthermore, the law restricts cottage foods to home consumption only, this means, for example, that it would not allow for the sale of a wedding cake to be served at a reception hall.

North Dakota's law mimics many of the elements of the Wyoming law, including the requirement that sales be made to an informed end consumer for home consumption. However, although the North Dakota law allows a broader range of food products than many cottage food laws, it is more restrictive than Wyoming's law in terms of the products allowed. North Dakota's Department of Agriculture has issued interim guidance on the new law that prohibits most TCS foods. Illinois also passed a cottage food law that was billed as a food freedom law in 2017. Like Wyoming's and North Dakota's laws, the Illinois law broadly allows food production and then lists exceptions that are not allowed; however, the exceptions in the Illinois law are extensive. Furthermore, Illinois'

law includes more typical cottage food restrictions on sales venues and adopts typical labeling requirements, rather than following the Wyoming model of allowing any direct sales to informed end consumers for home consumption.

6. **Taking cottage food restrictions to court.** Although not technically a policymaking tool, some advocates have successfully challenged restrictive state cottage food laws in court, resulting in the state allowing more cottage food sales if those advocates succeed.

In June 2015, Minnesota state legislature passed a law amending its cottage food law to allow producers to make up to \$18,000 in annual gross sales, so long as the producers complete an approved food safety course prior to registration. Given this expansion in the state's law, the plaintiffs dropped their lawsuit.

In May 2017, a judge in Wisconsin found that the state law violated substantive due process and equal protection guarantees, stating, that the provisions are not "rationally related to public health, safety, morals or general welfare..."

As of Jan 2018, New Jersey is the last remaining state that does not allow any cottage food sales outside of religious or charitable events. Jan 2018, New Jersey legislation was introduced that would allow for cottage foods to be sold directly to consumers and, if the operation undergoes additional inspection, through indirect sales by a third-party retailer.