

COTTAGE FOOD LAW GUIDANCE

The Cottage Food Law allows for individuals to make and sell certain non-potentially hazardous food and canned goods in Minnesota without a license. This law, Minnesota Statute 28A.152 - Licensing Food Handlers: Cottage Food Exemption (EXT)

(<u>https://www.revisor.mn.gov/statutes/?id=28A.152</u>), went into effect in 2015 and includes details on the prior training and registration, types of food allowed, food labeling, types of sales locations, and amount of sales allowed by a cottage food producer.

Here are answers to some frequently asked questions about the Cottage Food Law.

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Registration - Before you Register

Q: Who needs to register?

A: All individuals who want to make and sell foods described in the Cottage Food Law need to register with the Minnesota Department of Agriculture (MDA) before selling food.

Q: Do I need to register if I'm only selling food at a bake sale for an educational, charitable or religious organization?

A: If you're not regularly engaged in selling food, as defined in <u>Minnesota Statute 28A.03 (EXT)</u> (https://www.revisor.mn.gov/statutes/?id=28A.03#stat.28A.03.11), then you don't need to register. However, if you regularly sell cottage food at these types of venues or directly from your home, then you do need to register.

Q: Is there a cost to registration?

A: The cost of registration is determined by annual sales within the calendar year, which begins on January 1 and ends on December 31. The registration fee is \$50 if you sell more than \$5,000. If you sell less than \$5,000 in a year there is no fee.

Q: How do I calculate my food sales?

A: See answer in the <u>Amount of Sales</u> section below. Note that the maximum amount of annual sales allowed under the Cottage Food Law is \$18,000 for an individual.

Q: How long is my registration good for?

A: Your registration expires on December 31 of the year it was issued. If you want to continue to sell food under the Cottage Food Law, you will need to re-register for each year that you are selling food.

Q: Are there requirements I need to meet before registration?

A: Yes, you must complete training prior to registering and selling cottage food. There are two types of training, one for each sales category: Tier 1 for less than \$5000 annual sales, and Tier 2 for annual sales \$5000 and above. Each training is good for three (3) years, but you must take Tier 2 training prior to selling above \$5000 even if you took Tier 1 training within the past three years. For more information on training, see the Training section below.

Q: What happens if the city or county has an ordinance restricting me from making or selling food in my home?

A: You must comply with the ordinance and cannot produce and sell food from your home.

Depending on the ordinance, it may be possible to make and sell food as a registered cottage food producer at an acceptable location such as a commercial kitchen. If you have a question about this, check with your city or county.

Q: Can I register as a cottage food producer as an LLC (limited liability company)?

A: No. The cottage food producer registration is limited to individuals and <u>sole</u> <u>proprietorships (EXT) (http://www.sos.state.mn.us/business-liens/start-a-business/types-of-minnesota-businesses/)</u> and excludes businesses such as firms, partnerships, cooperatives, societies, associations, companies and corporations.

Q: Can I register as a sole proprietorship?

A: Yes. Individuals can register using their legal name as either an individual or a sole proprietorship. If you are registered as a sole proprietorship with the <u>Minnesota Secretary of State (EXT)</u> (http://www.sos.state.mn.us/) you can also register a 'doing business as' (DBA) name. Both the legal name of the sole proprietorship and the DBA name are required on the cottage food producer registration form.

Q: If I register as a Sole Proprietorship, can I have employees that sell food on my behalf?

A: You may register as a sole proprietorship and may have employees that sell food on your behalf. Registration limits of \$5,000 (for no registration fee) and \$18,000 (total sales cap) apply to the registered sole proprietorship as a whole and not to individual employees. The sole proprietorship is responsible for ensuring that sales by employees fall within the allowed limits. If registering as a sole proprietorship, the individual registering is responsible for completing the training and paying the registration fee associated with the registration. Additional information on tax reporting requirements for sole proprietorships is available from the Department of Employment and Economic Development (EXT) (https://mn.gov/deed/business/starting-business/organizing/sole-proprietorship.jsp). Sole proprietorships that have employees must use a Minnesota Tax Identification Number on their Cottage Food Producer Registration.

Q: Is there anything that would prevent me from registering?

A: Yes. You can only register and sell food under the Cottage Food Law if you are selling a type of food allowed under law, have taken the proper training, are properly labeling the food and displaying a sign, are selling and delivering the food directly to consumers in places allowed by the law, are not exceeding the \$18,000 annual sales cap, and your local jurisdiction (city or county) does not have an ordinance restricting you to make and sell food from your home. Each of these topics are further explained in the sections below.

Q: What do I do if I want to sell food not allowed under the Cottage Food Law, don't want to be restricted to direct sales to consumers, or plan to have sales in excess of \$18,000 a year?

A: You can apply for a food license. Food licenses do not have restrictions on the amount of annual sales, allow for a wide variety of foods to be sold, and allow for several types of sales. To find out more, go to the <u>MDA Food Licensing Wizard</u>

(http://www2.mda.state.mn.us/webapp/foodlicensingwizard/licensingwizard.html).

Registration - How to Register

Q: How do I register?

A: Go to the MDA cottage food producer registration

(http://www.mda.state.mn.us/food-feed/cottage-food-producer-registration) page
and click on the link for the registration form. Or you can access the form directly here: Cottage
Food Producer Registration Form (PDF: 248 KB / 2 Pages).

(/sites/default/files/2018-06/cfltraining.pdf)

Complete the form by entering the required information. You must sign and date the form. Submit the signed form by mail or electronically to the address given on the form. If a registration fee is required, you must mail payment with the completed registration form.

MDA will send you your registration certificate by mail or e-mail. Please allow up to 2 weeks to receive your registration if you are using a Social Security Number (SSN) to register. Please allow up to 6 weeks if you are registering with a Minnesota Tax ID number.

Q: What information will I need to provide to become registered?

A: You will need to provide your name, address, and contact information. You will also need to provide your social security number or a Minnesota Tax ID number. Finally, you will need to sign and date the registration form attesting that you have taken the training and understand and will follow the Cottage Food Law.

Q: What should I do with my registration card once I receive it?

A: Keep your registration with you when selling food. An inspector or market manager may ask to see it and you need to show your registration when asked. If the registration cannot be verified, you may be asked to stop selling food.

Q: How do I check if someone is registered as a Cottage Food Producer?

A: All current cottage food registrations can be found on our MDA license lookup (http://www2.mda.state.mn.us/webapp/lis/default.jsp) page. Fill in the desired search terms (registration number, name, city, or county) and select COTTAGE FOOD PRODUCER REGISTRATION in the License Type list.

Q: I have a current registration and I would like to re-register for next year. How do I do that?

A: All cottage food producers with a current registration will receive a re-registration reminder in the mail at the end of December. You have two options for re-registration: (1) you can complete a paper registration form or (2) you can re-register online following the instructions and using the PIN provided in the re-registration notice. The online re-registration portal also accepts payment of any registration fees that are owed. Note that there is a \$2.50 processing fee for the \$50 registration fee paid online.

Q: I have moved or changed my name since the last time I registered. What do I need to do? Can I use the online portal to re-register?

A: If your name or your address has changed, you will need to complete a new registration form to re-register and provide the updated information. At this time, you cannot use the online portal to re-register if you have moved or changed your name.

Amount of Sales

Q: How do I calculate my food sales?

A: Food sales are based on the anticipated amount of cottage food sales during the calendar year for which you are registering. This is the amount of gross annual receipts, not just profits, meaning the total amount for all sales as measured by the sales price.

Q: Is there a limit to the amount of food I can sell?

A: You are limited to \$18,000 dollars in food sales in any calendar year. If you sell more than \$18,000, you need a food license and meet applicable laws for making and selling food under that license. For more information about food licenses, see the MDA food licenses (/node/1351) page or go to the MDA Food Licensing Wizard

(http://www2.mda.state.mn.us/webapp/foodlicensingwizard/licensingwizard.html).

Training

Q: Do I need to complete the training before I register?

A: Yes, you must complete the training appropriate for the amount of sales expected during the calendar year before you register. You will be asked to provide the most recent date that you completed the training when you register.

Q: What training do I need and where do I get it?

A: There are two types of training, one for each sales category: Tier 1 for less than \$5000 annual sales, and Tier 2 for annual sales \$5000 and above. For annual food sales up to \$5,000, you must complete a free online course and exam. This course can be found here: Cottage Food
Producer Registration Training (PDF: 603 KB / 34 Pages) (/sites/default/files/2018-06/cfltraining.pdf).

For annual food sales between \$5,000 and \$18,000, you must complete a safe food handling training course that is approved by the commissioner. Refer to the <u>University of Minnesota Extension</u> Food Safety Program (EXT) (https://extension.umn.edu/courses/cottage-food-producer-food-safety-training) for more information. This Tier 2 training is currently offered as an in-person course or as an online course and there are training fees for both courses.

Q: I am a certified food manager. Is this training acceptable?

A: No, you must take training that is specific to the Cottage Food Law. The required training covers specific considerations about preparing food safely in a home kitchen and covers the Cottage Food Law requirements.

Q: When do I need to re-take the training?

A: You need to re-take training every three (3) years or if you switch from Tier 1 to Tier 2, meaning you go from selling less than \$5000 to selling \$5000 and above. You will be asked to provide the most recent date that you completed the training when you register.

Types of Food Allowed

Q: What food can I sell as a registered cottage food producer?

A: You can only sell non-potentially hazardous foods and home-processed and home-canned pickles, vegetables, or fruit with a pH of 4.6 or below. Foods that are non-potentially hazardous do not support the rapid growth of microorganisms that can make you sick. Non-potentially hazardous foods have a pH of 4.6 or below, meaning they are acidic, or have a water activity of 0.85 or less, meaning they are relatively dry or have a high sugar or salt content that binds up the water making it hard for bacteria to grow.

Q: What if I'm not sure if my food is allowed to be sold under the Cottage Food Law?

A: Many university web sites provide recipes that have been laboratory tested and shown to be considered non-potentially hazardous. If you're unsure if the food you want to sell meets the definition of a non-potentially hazardous food, there are laboratories that can test your food for pH and water activity and can be found through a web search for "food testing laboratories in Minnesota".

Q: What if I want to sell a food that is not allowed under the Cottage Food Law?

A: You can apply for a food license. To find out more, go to the MDA Food Licensing Wizard (http://www2.mda.state.mn.us/webapp/foodlicensingwizard/licensingwizard.html).

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Labeling and Displaying a Sign

Q: Does the food need to be labeled?

A: Yes, you must label the food with (1) the name and address, including city, state, and ZIP code, of the individual who made the food, (2) the date that the food was made, and (3) a list of ingredients contained in the product, including any allergens. The allergens of concern are: milk, eggs, wheat, soy, peanuts, tree nuts, fish, and shellfish. More information on labeling is provided in the cottage food training course (see <u>Training</u> section).

Q: I'm concerned about someone knowing where I live. Can I use a post office box as an address on my label?

A: Yes, as long as it is a contact address of the person who made the food. However, when you register as a cottage food producer, you do need to provide the physical address of where the food is made. In addition to the contact address on the label, you may provide additional contact information, if you choose.

Q: What other information must I provide to the customer?

A: You must display a sign at the point of sale that states: "These foods are homemade and not subject to state inspection." Examples of signs can be found at the <u>bottom of this page</u> and in the cottage food training (see <u>Training</u> section). If you are conducting Internet sales, this same statement must be posted on your web site.

Sales Locations

Q: Where can I sell the food that I make?

A: Food made by a registered cottage food producer can be sold from your home, over the Internet, and at a <u>farmers' market (EXT) (https://www.revisor.mn.gov/statutes/?</u>

<u>id=28A.151#stat.28A.151.1)</u> or community event. A public gathering sponsored or hosted by a town, county, city or municipality (for example, a county fair); or by a religious, charitable, or educational organization where food is sold (for example, a school, fire, police, or parent/teacher association). The event must be open to the public and not intended for profit.

For all sales, including those over the Internet, the individual who prepared the food product must be the person who delivers the food product to the ultimate consumer. This means food cannot be shipped or delivered through the mail or a third-party shipping service.

Food that is home-processed and home-canned, like pickles and salsa, cannot be sold outside of the state of Minnesota. For sales of other homemade food, like baked goods, outside of the state, you should review those states' laws to ensure the sale of homemade food is allowed.

Q: Can I donate my cottage food?

A: Yes. Food made by a registered cottage food producer can be provided through donation to a community event with the purpose of fund-raising for an individual or for an educational, charitable, or religious organization. The cottage food producer does not need to be present for the fundraising event.

Q: Can I use the post office or a shipping company to deliver my products?

A: No. All food must be delivered directly from the producer to the end consumer, not through an intermediary.

Q: Can I have a Community Supported Agriculture model of distribution for products under the Cottage Food Producer Registration?

A: Yes. Customers must come to your place of residence to pick up products or you, as the producer, must deliver them directly to customers. You may not leave products for customer pick up at a location other than their or your residence.

Inspection and Compliance with the Law

Q: Will I be inspected if I am registered to sell cottage foods?

A: Local agencies often conduct inspections at venues like farmers' markets and community events to verify registration and that food is being sold in a manner consistent with Minnesota laws. In addition, if food sold by a cottage food producer is suspected or confirmed to have caused illness or injury, the MDA will conduct an investigation which may include an inspection of the location where the food was produced. Under Minnesota law, the MDA has the authority to enter at reasonable

times any establishment where food is manufactured, processed, packed or held. Inspection and investigation activities would be limited to areas of the location where food is manufactured, processed, packed or held.

Q: What happens if MDA receives a complaint about a cottage food producer?

A: The MDA investigates complaints to ensure people selling cottage food are complying with the law, including all the topics covered in this guidance document: registration, training, sales amounts, sales locations, food types, and labeling and placarding. Actions depend on the severity of the violation and may include inspection, written notice, registration revocation, penalties, or prosecution.

Q: Where can I make cottage food?

A: Cottage food can be produced in a home kitchen or in a commercial kitchen as long as you are in compliance with local ordinances. Commercial kitchens are licensed by the Minnesota Department of Health, Minnesota Department of Agriculture, or one of their delegated agencies.

Examples of Signs to be Displayed

For more information on these signs, see the <u>Labeling and Displaying a Sign</u> section above.



Example of sign required for non-potentially hazardous foods

"THESE CANNED GOODS ARE HOMEMADE AND NOT SUBJECT TO STATE INSPECTION."

Example of sign required for canned products

FORMS + RESOURCES

- > Cottage Food Producer Registration Form (https://www.mda.state.mn.us/sites/default/files/2018-06/ag03310cottagefoodx.pdf)
- > Training for Cottage Food Producer Registration (PDF: 934 KB / 68 pages) (https://www.mda.state.mn.us/sites/default/files/2018-06/cfltraining.pdf)

EXTERNAL LINKS

- > University of Minnesota Extension Cottage Food Producer Food Safety Training (https://extension.umn.edu/courses/cottage-food-producer-food-safety-training)
- > **©** Cottage Food Exemption (https://www.revisor.mn.gov/laws/2015/1/Session+Law/Chapter/4/#laws.2.53.0)