

Testimony in Support of HB178

For Distinguished Members of the Senate Finance Committee

From Thomas Giancola
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Subject Written Testimony in Support of HB 178

House Bill 178 makes a simple, but meaningful change to MD Article 21-301, by raising the Cottage Food Business annual sales revenue limit from \$25,000 to \$50,000. This testimony is written in support of HB178 and provides clear examples of how this bill will encourage small business growth, help entrepreneurs from across the state of Maryland, and ensure that the public continues to have access to safely made local food.

Background

Cottage Food Businesses are a regulated business by the Maryland Department of Health, County and Local Health Departments, and various other jurisdictions throughout the state of Maryland – that allows people in Maryland to produce non-hazardous foods for sale to the public.

“Non-hazardous foods” is a designation determined by the MD State Department of Health and is limited to only food items with the lowest risk of spreading a food-borne illness. The list of non-hazardous foods allowed for production by a Cottage Food Business, was created by the Dept. of Health after reviewing the types of ingredients that can be used, the equipment needed to produce the food, and the methods necessary for the safe handling of the food. The food items that are allowable for production by a Cottage Food Business do not require refrigeration, are shelf-stable, and suitable for production in any kitchen without specialized commercial restaurant equipment.

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Cottage Food Businesses are subject to inspection by the Department of Health at locations where they offer their goods for sale and at their home where they produce goods. Additionally, Cottage Food Businesses are limited by both state and local regulations as to how and where they can offer their products for sale.

These rules and regulations provide sufficient guardrails to ensure that Cottage Food Businesses can safely operate across the state of Maryland.

The Challenge

In addition to all these rules, Maryland is one of only a handful of states to impose an annual sales cap that is extremely low. The current law only allows Maryland Cottage Food Businesses to perform \$25,000 of sales, per year.

This revenue cap is one of the only instances in the entire state, where the legislature is directly limiting and preventing small business growth.

This annual sales cap limits entrepreneurship throughout the state. By only allowing Cottage Food Businesses to sell \$25,000 worth of product a year (before expenses), it is impossible to determine if your food product would be viable on a larger scale, hire an employee, grow a customer base, gain experience successfully managing a business, or avoid speculative loans needed for a brick-and-mortar establishment.

Other States

Thirty-seven (39) states have adopted Cottage Food laws that remove sales caps or have raised their annual sales cap to well over \$50,000. This trend has been growing over the years with over a dozen states codifying less restrictive guidelines on Cottage Food Businesses in the past two-years alone.

Below is a list of several neighboring states and their current Cottage Food Sales Limits:

State	Sales Limit
Pennsylvania	No Limit
District of Columbia	No Limit

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West Virginia	No Limit
Virginia	No Limit
Delaware	\$25,000

Safety

To date, there has never been a confirmed outbreak or wide-spread food borne illness attributed to any cottage food business, anywhere in the entire country. The Center for Disease Control has researched and published extensively on this topic and concluded that most food-borne illnesses have been linked to commercial food processing and the supply chain used to transport these items – not individual producers. This demonstrates that by supporting an increase to the annual sales cap for Cottage Food Businesses, there is no increased risk to the public health.

Benefits

Cottage Food Businesses are important part of our local economy.

My personal Cottage Food business, which bakes bread and makes pastries, sources all our flour from local farms – many of which are located on the Eastern Shore or along the Chesapeake Watershed. The grains we use are all milled by a local miller. The jams, fruits, honey, milk, and other inclusions that we use are all sourced from local farmers. These relationships are the foundation of a durable, local, supply chain that has been able to withstand multiple global supply chain disruptions – all while putting money directly back into our neighboring businesses. By selling at a Farmers' Market, we help attract additional customers, who in turn, further patronize our local Maryland farmers and the farm-to-table supply chain.

My cottage food business is far from unique in this regard. Every Cottage Food Business operator I have met – has found ways to directly connect with and support other local businesses, local farmers, and local markets. Like other businesses, Cottage Food Businesses pay both local and state taxes as well. By allowing Cottage Food Businesses to conduct additional business each year, you are allowing them to continue to help grow other local businesses as well as contribute to the tax base.

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Conclusion

By supporting HB178 to raise the \$25,000 annual sales cap on Cottage Food Businesses, you would be helping to make Maryland a great place to start or grow a small business.

Follow-up

Thank you for considering this testimony – I can be reached for any follow-up questions at tomgiancola82@gmail.com or (443) 887-5388.