



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

January 19, 2022

The Honorable Shane E. Pendergrass
Chair, House Health and Government Operations Committee
241 House Office Building
Annapolis, MD 21401-1991

RE: HB 178 – Public Health – Cottage Food Businesses – Annual Revenues – Letter of Information

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information on House Bill (HB) 178 - Public Health - Cottage Food Businesses - Annual Revenues.

HB 178, if passed, will alter the definition of cottage food business (CFB) for the purpose of increasing from \$25,000 to \$100,000 the cap on the annual revenue from the sale of cottage food products that a cottage food business may earn.

MDH notes that CFBs operate out of private home kitchens, which are unlicensed and not inspected by the State. CFBs provide a way for people to make and sell certain food products which do not require temperature controls, such as breads, cookies, and jams. On a small scale, private home kitchens may be able to meet the needs of CFBs. However, home kitchens (including septic systems, equipment, and storage) are not designed to the same food safety standards as commercial kitchens. Exceeding the designed capacity of any kitchen can lead to food contamination and other food safety concerns.

As CFBs grow, there is already a mechanism in place for them to safely increase production by utilizing incubator kitchen facilities, which are licensed and meet food safety standards. This allows CFBs the opportunity to safely expand while still meeting food safety standards and thereby ensuring the public at large is protected. MDH notes that, if the revenue limit is raised, there may be less incentive for CFBs to make the transition to incubator sites where there are fewer opportunities for contamination and food safety concerns.

MDH recognizes that licensure as a retail or manufacturing food facility may not be practical for all businesses and has worked with CFBs to successfully operate in Maryland. If the revenue limit is increased, there will be two different sets of operating and safety standards, one for licensed food retailers and another for CFBs, even though both businesses would be comparable in their revenue and distribution potential.

MDH also notes that neither registration or inspection of residential home kitchens used for CFBs is required in Maryland, unlike our sister states Pennsylvania, Virginia, and the District of Columbia which all require both.

If you would like to discuss this further, please contact Heather Shek, Director, Office of Governmental Affairs at (443) 695-4218 or heather.shek@maryland.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dennis R. Schrader".

Dennis R. Schrader
Secretary