

FAST FACTS



LEGISLATIVE ANALYSIS: HOME-BASED FOOD PRODUCTION (COTTAGE FOOD) (S.506)



PALMETTO
PROMISE
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COTTAGE FOOD IN AMERICA

- Since 2015, **19** states and Washington, D.C. have created new cottage food programs or significantly expanded their existing laws.
- Today, **28** states allow cottage food businesses to sell online to buyers within state limits.
- **Eighteen** states allow cottage food producers to sell through retail outlets like grocery stores.

COTTAGE FOOD IN SOUTH CAROLINA

- Cottage food producers in South Carolina may sell baked goods like breads and cookies, along with candy-coated nuts, dried fruits, popcorn and apples—but they may not take orders or sell online or in any retail outlet.
- The General Assembly first offered a few limited options for Cottage Food producers with the passage of a very restrictive law in 2012.
- But with current restrictions, opportunities for significant income in the COVID economy are unlikely. Unless the law is updated, Cottage Food production will never be more than a hobby in the Palmetto State.
- Time has proven Cottage Food safe in South Carolina.

S.506 UPDATES SOUTH CAROLINA'S CURRENT STATUTE

- ✓ Adds ability to sell non-potentially hazardous foods online, by mail, and in designated sections of retail stores.
- ✓ Laws related to potentially hazardous foods will remain unchanged.

- ✓ Non-potentially hazardous foods are defined more broadly than simply baked goods and candy.
- ✓ Unfortunately, the bill as amended does not preempt local bans
- ✓ Adds penalties for violation.

SOUTH CAROLINA COTTAGE FOOD FACTS (SOURCE: INSTITUTE FOR JUSTICE)

- ✓ **Cottage food is safe.** Critics who talk about the risk of food-borne illness give hypothetical examples of what could go wrong because real-world cases are rare or nonexistent.
- ✓ **Cottage food empowers women and residents of rural areas.** Institute for Justice (IJ) cottage food research shows that most cottage food producers are women, and many live in **rural areas** with limited economic opportunity.
- ✓ **Cottage food is local.** When neighbors trade with neighbors, money stays in the local economy.
- ✓ **Cottage food creates jobs.** Many homemade food producers use their income to provide for their families. Others seek a secondary or supplemental income.
- ✓ **Cottage food expands consumer choice.** Some stores simply don't sell what you want. This is especially true if you have a gluten-free, peanut-free, halal, kosher or vegan diet. Cottage food fills market gaps, giving consumers more options.

Forbes

WEST VIRGINIA JUST MADE IT EASIER TO EXPAND A HOME BAKING BUSINESS

BY NICK SIBILLA, INSTITUTE FOR JUSTICE

When it comes to starting a homemade food business, West Virginia is almost heaven. Under a new law signed on Monday by Gov. Jim Justice, West Virginia will significantly ease restrictions on “cottage food” producers, who can sell cookies, jams, dried herbs, and other shelf-stable, homemade food, without a permit or the need to rent commercial kitchen space. Currently on the books in 49 states (with New Jersey the lone hold-out), cottage food laws are designed to promote entrepreneurship and transform home kitchens into low-cost business incubators; one recent survey found that the median startup capital for a cottage food business was a mere \$500.

But in West Virginia, red tape prevented home bakers from earning serious dough. Prior to reform, cottage food businesses could only sell at seasonal farmers’ markets and sporadic community events.

“Since we couldn’t take custom orders from our home, my wife and I had to guess how much of what kind of goods we should make, package everything up, and drive to the market or event that was often miles away,” Eric Blend, who owns The Blended Homestead in Wheeling, explained. “Depending on turnout, we had to turn customers away or throw out product.”

Once the law takes effect on June 5, home bakers can sell directly from their homes, take online orders, and even sell through retail outlets like grocery stores. The law will also preempt any local bans and regulations that would otherwise sour plans for homemade food businesses. Cottage food will finally become a year-round endeavor in West Virginia.

“Not only can I customize my goods for special occasions, I no longer have to miss out on the most profitable time of the year—the holiday season,” said Michelle Carpenter, a home baker who lobbied for the law. “Birthday cake with a dancing pony? No problem! Christmas cookies that taste like eggnog? How many?”

West Virginia’s cottage food expansion should especially be a boon to farmers and women. In 2017, the Institute for Justice surveyed 775 cottage food producers in 22 states. Among those surveyed, 83% were women (compared to 36% of home-based businesses generally), while more than half of cottage food producers lived in rural areas, compared to less than a fifth of the national population.

And with the median household income for cottage food producers a modest \$36,000—significantly lower than the national median—home bakers are more likely to be in an economically precarious position. Perhaps it should come as no surprise then that nearly two-thirds of cottage food producers view their homemade food businesses as either their main occupation or as an important source of supplementary income.

“Other people we see benefiting from these laws are stay-at-home parents, retirees, people with disabilities, and military spouses—all people who need creative ways to bring in extra income,” noted Institute for Justice Attorney Erica Smith.

Nick Sibilla is a writer and legislative analyst at the Institute for Justice (IJ), a public interest law firm.