



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

May 7, 2025

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### **H.401 – An act relating to exemptions for food manufacturing establishments**

**As recommended by the Senate Committee on Health and Welfare<sup>1,i</sup>**

#### **Bill Summary**

As recommended by the Senate Committee on Health and Welfare, this bill would make various changes to food manufacturing establishment license fees and exemptions, effective July 1, 2025. These fees are calculated based on an establishment's annual gross receipts.

The bill would establish definitions for cottage food products, cottage food operators, and cottage food operations, and add cottage food operations to the current definition of food manufacturing establishments. The bill would exempt cottage food operations with annual gross receipts of \$30,000 or less from licensure requirements and associated fees. Other food manufacturing establishments with average gross retail sales below the thresholds at 18 V.S.A. § 4353 would also be exempt from licensure requirements and fees.

The bill would also require the Commissioner of Health to adopt rules establishing training requirements for food manufacturing establishment operators and employees to ensure cleanliness, sanitation, and healthfulness. Food manufacturing establishments taking advantage of a licensure and fee exemption would be required to submit an exemption filing annually with the Department of Health (VDH) and attest to compliance with training requirements.

#### **Fiscal Impact**

This bill would result in a minimal impact to revenues for VDH's Food and Lodging Fee Fund. VDH does not collect information about the gross receipts of food manufacturing establishments or on business location, making it challenging to assign exact impacts to the fee exemptions created by the bill. However, the scope of potential fee impacts is marginal within the context of the VDH Food and Lodging Fee Fund. In fiscal year 2024, the Fund received approximately \$1.48 million in revenue from various food and lodging fees, and the changes proposed by the bill would largely affect two fee types that generate approximately \$26,000 in annual revenue. See Table 1 for VDH data on current food processor licenses.

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<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

*Table 1: Food Processor and Bakery Fee Information (Current Law)*

Fee Name	Number of Current Licenses	Fee Amount	Estimated Revenue
Food Manufacturing Establishments; Nonbakeries – Gross Receipts of \$10,000 to \$50,000	86	\$175	\$15,050
Food Manufacturing Establishments; Bakeries – Home Bakery	109	\$100	\$10,900
Food Manufacturing Establishments; Bakeries – Small Commercial	179	\$200	\$35,800
Food Manufacturing Establishments; Bakeries – Large Commercial	189	\$350	\$66,150

<sup>i</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be accessed through a bill number search on the JFO page.