| 1  | TO THE HONORABLE SENATE:   |
|----|--|
| 2  | The Committee on Health and Welfare to which was referred House Bill No.       |
| 3  | 401 entitled "An act relating to exemptions for food manufacturing             |
| 4  | establishments" respectfully reports that it has considered the same and       |
| 5  | recommends that the Senate propose to the House that the bill be amended by    |
| 6  | striking out all after the enacting clause and inserting in lieu thereof the   |
| 7  | following:   |
| 8  | Sec. 1. LEGISLATIVE INTENT   |
| 9  | It is the intent of the General Assembly that:                                 |
| 10 | (1) Vermont enhance its food resiliency through increased supply and           |
| 11 | distribution of locally produced food products;                                |
| 12 | (2) Vermonters have more access to the local food marketplace as both          |
| 13 | producers and consumers;   |
| 14 | (3) local food producers are able to meet the demand for Vermont-made          |
| 15 | food products from visitors to the State;                                      |
| 16 | (4) small-scale food producers, new business start-ups, and sole               |
| 17 | proprietors benefit from raising the limit of the existing licensing exemption |
| 18 | for at-home bakery products to adjust for inflationary cost changes occurring  |
| 19 | since the initial statutory enactment; and                                     |

| 1  | (5) supply-chain costs and inflationary considerations be addressed to         |  |  |
|----|--|--|--|
| 2  | bring risk management thresholds more in line with the economic conditions at  |  |  |
| 3  | the time of initial statutory enactment.                                       |  |  |
| 4  | Sec. 2. 18 V.S.A. § 4301 is amended to read:                                   |  |  |
| 5  | § 4301. DEFINITIONS  |  |  |
| 6  | (a) As used in this chapter:   |  |  |
| 7  | * * *  |  |  |
| 8  | (4) <u>"Cottage food operation" means a food manufacturing establishment</u>   |  |  |
| 9  | where a cottage food product is produced.                                      |  |  |
| 10 | (5) "Cottage food operator" means any person who produces or                   |  |  |
| 11 | packages cottage food products solely in the home kitchen of the person's      |  |  |
| 12 | private residential dwelling.  |  |  |
| 13 | (6) "Cottage food product" means food sold by a cottage food operator          |  |  |
| 14 | that does not require refrigeration or time or temperature control for safety. |  |  |
| 15 | such as:   |  |  |
| 16 | (A) nonpotentially hazardous baked goods;                                      |  |  |
| 17 | (B) candy;   |  |  |
| 18 | (C) jams and jellies;  |  |  |
| 19 | (D) dry herbs:   |  |  |
| 20 | (E) trail mix:   |  |  |
| 21 | (F) granola;   |  |  |

| 1  | (G) cereal;  |
|----|--|
| 2  | (H) mixed nuts;  |
| 3  | (I) flavored vinegar;  |
| 4  | (J) popcorn;   |
| 5  | (K) coffee beans;  |
| 6  | (L) dry tea; and   |
| 7  | (M) any other good defined by the Commissioner in rule or policy.                  |
| 8  | (7) "Department" means the Department of Health.                                   |
| 9  | (5)(8) "Establishment" means food manufacturing establishments, food               |
| 10 | service establishments, lodging establishments, children's camps, seafood          |
| 11 | vending facilities, and shellfish reshippers and repackers.                        |
| 12 | (6)(9) "Food" means articles of food, drink, confectionery, or condiment           |
| 13 | for human consumption, whether simple, mixed, or compound, and all                 |
| 14 | substances and ingredients used in the preparation thereof.                        |
| 15 | (7)(10) "Food manufacturing establishment" or "food processor" means               |
| 16 | all buildings, rooms, basements, cellars, lofts, or other premises or part thereof |
| 17 | used, occupied, or maintained for the purpose of manufacturing, preparing,         |
| 18 | packing, canning, bottling, keeping, storing, handling, serving, or distributing   |
| 19 | food for sale. A food manufacturing establishment shall include food               |
| 20 | processors, bakeries, cottage food operations, distributers, and warehouses. A     |
| 21 | food manufacturing establishment shall not include a place where only maple        |

| 1  | syrup or maple products, as defined in 6 V.S.A. § 481, are prepared for human   |  |
|----|---|--|
| 2  | consumption.  |  |
| 3  | (8)(11) "Food service establishment" means entities that prepare, serve,        |  |
| 4  | and sell food to the public, including restaurants, temporary food vendors,     |  |
| 5  | caterers, mobile food units, and limited operations as defined in rule.         |  |
| 6  | (9)(12) "Lodging establishment" means a place where overnight                   |  |
| 7  | accommodations are regularly provided to the transient, traveling, or           |  |
| 8  | vacationing public, including hotels, motels, inns, and bed and breakfasts.     |  |
| 9  | "Lodging establishment" shall does not include short-term rentals.              |  |
| 10 | (10)(13) "Salvage food" means any food product from which the label             |  |
| 11 | on the packaging has been lost or destroyed or that has been subjected to       |  |
| 12 | possible damage as the result of an accident, fire, flood, or other cause that  |  |
| 13 | prevents the product from meeting the specifications of the manufacturer or the |  |
| 14 | packer but is otherwise suitable for human consumption.                         |  |
| 15 | (11)(14) "Salvage food facility" means any food vendor for which                |  |
| 16 | salvage food comprises 50 percent or more of gross sales.                       |  |
| 17 | (12)(15) "Seafood vending facility" means a store, motor vehicle, retail        |  |
| 18 | stand, or similar place from which a person sells seafood for human             |  |
| 19 | consumption.  |  |
| 20 | (13)(16) "Shellfish reshipper and repacker" means an establishment              |  |
| 21 | engaging in interstate commerce of molluskan shellfish.                         |  |

| 1  | (14)(17) "Short-term rental" means a furnished house, condominium, or           |  |
|----|---|--|
| 2  | other dwelling room or self-contained dwelling unit rented to the transient,    |  |
| 3  | traveling, or vacationing public for a period of fewer than 30 consecutive days |  |
| 4  | and for more than 14 days per calendar year.                                    |  |
| 5  | * * *   |  |
| 6  | Sec. 3. 18 V.S.A. § 4303 is amended to read:                                    |  |
| 7  | § 4303. RULEMAKING  |  |
| 8  | (a) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25 to       |  |
| 9  | establish minimum standards for the safe and sanitary operation of food or      |  |
| 10 | lodging establishments or children's camps or any combination thereof and for   |  |
| 11 | their administration and enforcement. The rules shall require that an           |  |
| 12 | establishment be constructed, maintained, and operated with strict regard for   |  |
| 13 | the health of the employees and the public pursuant to the following general    |  |
| 14 | requirements:   |  |
| 15 | * * *   |  |
| 16 | (7) There shall be training requirements for food manufacturing                 |  |
| 17 | establishment operators and employees to ensure cleanliness, sanitation, and    |  |
| 18 | healthfulness.  |  |
| 19 | (8) The Commissioner may adopt any other minimum conditions                     |  |
| 20 | deemed necessary for the operation and maintenance of a food or lodging         |  |
| 21 | establishment in a safe and sanitary manner.                                    |  |

| 1  | * * *  |  |  |
|----|--|--|--|
| 1  | * * *  |  |  |
| 2  | Sec. 4. 18 V.S.A. § 4353 is amended to read:                                     |  |  |
| 3  | § 4353. FEES   |  |  |
| 4  | (a) The Commissioner may establish by rule any requirement the                   |  |  |
| 5  | Department needs to determine the applicable categories or exemptions for        |  |  |
| 6  | licenses. The following license fees shall be paid annually to the Department    |  |  |
| 7  | at the time of making the application according to the following schedules:      |  |  |
| 8  | * * *  |  |  |
| 9  | (3) Food manufacturing establishment — a fee for any person or persons           |  |  |
| 10 | that process food for resale to restaurants, stores, or individuals according to |  |  |
| 11 | the following schedule:  |  |  |
| 12 | (A) Food manufacturing establishments; nonbakeries                               |  |  |
| 13 | I — Gross receipts of \$10,001.00 to \$50,000.00; \$175.00                       |  |  |
| 14 | II — Gross receipts of over \$50,000.00; \$275.00                                |  |  |
| 15 | III — Gross receipts of \$10,000.00 or less are exempt pursuant                  |  |  |
| 16 | to section 4358 of this title  |  |  |
| 17 | (B) Food manufacturing establishment establishments; bakeries                    |  |  |
| 18 | I — Home bakery; \$100.00  |  |  |
| 19 | II — Small commercial; \$200.00  |  |  |
| 20 | III — Large commercial; \$350.00   |  |  |

| 1  | (C) Food manufacturing establishments; cottage food operations —                             |  |
|----|--|--|
| 2  | Gross receipts of \$30,000.00 or less from the sale of cottage food products are             |  |
| 3  | exempt pursuant to section 4358 of this title.   |  |
| 4  | * * *  |  |
| 5  | Sec. 5. 18 V.S.A. § 4358 is amended to read:   |  |
| 6  | § 4358. EXEMPTIONS   |  |
| 7  | * * *  |  |
| 8  | (b) The provisions of obligation to obtain a license and the associated                      |  |
| 9  | licensure fees in this subchapter shall not apply to an individual manufacturing             |  |
| 10 | and selling bakery products from his or her own home kitchen whose a cottage                 |  |
| 11 | food operation or other food manufacturing establishment that is exempt due to               |  |
| 12 | its average gross retail sales <del>do not exceed \$125.00 per week</del> being below the    |  |
| 13 | listed thresholds in section 4353 of this title.   |  |
| 14 | (c) Any Annually a food manufacturing establishment claiming a licensing                     |  |
| 15 | exemption <u>pursuant to this title</u> shall <del>provide documentation</del> submit to the |  |
| 16 | Department a licensing exemption filing as required by rule. The licensing                   |  |
| 17 | exemption filing shall require the food manufacturing establishing to attest to              |  |
| 18 | the completion of any training required by rule pursuant to section 4303 of this             |  |
| 19 | title.   |  |
| 20 | * * *  |  |

| 1  | Sec. <mark>6</mark> . EFFECTIVE DATE        |                   |
|----|---|-------------------|
| 2  | This act shall take effect on July 1, 2025. |                   |
| 3  |   |                   |
| 4  |   |                   |
| 5  |   |                   |
| 6  |   |                   |
| 7  |   |                   |
| 8  |   |                   |
| 9  |   |                   |
| 10 | (Committee vote:)                           |                   |
| 11 |   |                   |
| 12 |   | Senator           |
| 13 |   | FOR THE COMMITTEE |

Page 8 of 8