



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

March 28, 2025

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

**As passed by the House of Representatives<sup>1,2</sup>**

#### **Bill Summary**

This bill would make various changes to food manufacturing establishment license fees, effective July 1, 2025. These fees are calculated based on an establishment's annual gross receipts.

##### **Nonbakeries:**

- Would exempt home-based food manufacturing establishments with \$30,000 or less in gross receipts from licensing requirements of the Department of Health (VDH).
- Nonhome establishments with \$30,000 or less in gross receipts would be assessed a \$175 fee. That fee currently applies to all nonbakery food manufacturing establishments earning between \$10,000.01 and \$50,000 of gross receipts.
- The current \$275 fee for nonbakery food manufacturing establishments would apply to all establishments earning more than \$30,000 in gross receipts instead of the \$50,000 gross receipts threshold in current law.

##### **Bakeries:**

- Home bakeries with gross receipts of \$30,000 or less per year would be exempt from licensing requirements. Currently all bakeries with less than \$125 per week in gross receipts are exempt.
- A new \$50 fee for nonhome bakeries with \$30,000 or less in gross receipts would be created.

#### **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 various fees that would be amended or 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. Additionally, lowering of the threshold for the \$275 nonbakery food

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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.

<sup>2</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.

establishment fee would provide additional revenue compared with current law, mitigating a portion of the potential loss in fee revenue. See Table 1 for VDH data on current food processor licenses.

*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