

How can my city support home-based cottage food entrepreneurs?

Cottage food laws allow people to sell homemade food from their homes.

Currently, all but one state (New Jersey) allows for the sale of some homemade foods. These operations are mostly governed by state laws, but entrepreneurs may be subject to outdated local zoning and permitting regulations that can make it difficult to operate.

- In **DC**, businesses cannot exceed 25% of floor space or 250 square feet, whichever is less. So, if a cottage food producer planned to use their kitchen for baking but their home office for managing orders, they would likely violate that rule.
- Cities like **Boston**, **Boise**, and Pittsburgh limit the number of non-resident employees for home-based businesses, even if those employees work remotely. These restrictions prevent home baking businesses from growing and creating jobs for neighbors who could help with baking in the home or work remotely on administrative duties like tracking orders.
- Many cities have restrictions on storing equipment or goods in the home, which could create issues for someone who wants to store baking equipment and inventory (like delicious cookies) in their home.

Cities should reform these restrictions to promote entrepreneurship, foster economic recovery, and increase access to fresh food.

To increase access to food and jobs, cities should:

- ✓ Eliminate the need for a home occupation permit to operate a cottage food business. If permits are required, obtaining a permit should be easy and require no more than completing a simple form and paying a small fee.
- ✓ Update outdated home-based business requirements that arbitrarily restrict cottage food producers—like square footage limitations and prohibitions on storing equipment.
- ✓ Some cities do not require inspections, but those that do should review procedures for inspections and other interactions with local health departments to ensure that these processes are simple and easy to navigate. Move processes online and eliminate required in-person visits, as those can be hazardous to entrepreneurs and agency staff during the pandemic.
- ✓ Work with state officials to:
 - Ensure that cottage food producers in your city can sell a wide variety of goods from a wide variety of venues without a revenue cap.
 - Streamline onerous state registration requirements.



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- Work to expand the list of goods that can be sold beyond non-potentially hazardous goods, to other common baked goods, like cheesecake and buttercream.
- Advocate for complaint-based inspections rather than pre-operational inspections.
- Protect the home addresses of cottage food producers by advocating for an ID labeling system in place of a home address labeling requirement.

City leaders can be a force for entrepreneurs by removing regulatory obstacles, and the Institute for Justice (IJ) can help. We work alongside city officials to:

- **Research requirements:** We research what it takes to start a business in cities, including all of the steps and costs. We can also share best practices for how other cities dealt with similar policy issues.
- **Conduct surveys:** We host roundtables and compile feedback from entrepreneurs with first-hand experience navigating the licensing process.
- **Advocate:** We work with agencies and councilmembers to enact regulatory and legislative changes that truly make a difference for entrepreneurs.



Contact us to discuss tailored recommendations for how your city can allow home-based food producers to thrive and feed our communities during this difficult time.

IJ is a nonprofit law firm that works with city officials, entrepreneurs, and advocates to remove regulatory barriers to entrepreneurship. For more information, visit <https://2021initiative.com>.