



*Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary*

February 23, 2021

The Honorable Shane E. Pendergrass  
Chair, Health and Government Operations  
Room 241 House Office Building  
Annapolis, MD 21401-1991

**RE: HB 889 – Public Health - Cottage Food Businesses - Annual Revenues – Letter of Information**

Dear Chair Pendergrass and Committee Members:

The Maryland Department of Health (MDH) is submitting this letter of information for HB 889 – Public Health - Cottage Food Businesses - Annual Revenues. HB 889 would raise the revenue limit for cottage food businesses (CFBs) from \$25,000 to \$100,000 per year.

CFBs operate out of private home kitchens, which are unlicensed and not inspected by the State. CFBs provide a way for people to make and sell certain food products which do not require temperature controls, such as breads, cookies, and jams. On a small scale, private home kitchens may be able to meet the needs of CFBs. However, home kitchens (including septic systems, equipment, and storage) are not designed to the same food safety standards as a commercial kitchen. Exceeding the designed capacity of any kitchen can lead to food contamination and other food safety concerns.

As CFBs grow, there is a mechanism for them to safely increase production, by utilizing incubator kitchen facilities that are licensed and meet food safety standards. This allows CFBs the opportunity to expand, and to ultimately become commercial licensed food retailers, while still meeting food safety standards. MDH notes that if the revenue limit is raised, there may be less incentive for CFBs to make the transition to incubator sites where there are fewer opportunities for contamination and food safety concerns.

The MDH recognizes that licensure as a retail or manufacturing food facility may not be practical for everyone and has worked with CFBs to successfully operate in Maryland. Under the current revenue limits, CFBs are unlikely to directly compete with licensed retail food facilities, but if the revenue limits are increased, it raises the possibility of two different sets of operating and safety standards, one for licensed food retailers, the other for CFBs, who would nevertheless be comparable in their revenue and distribution potential. This could potentially produce a competitive advantage for larger CFBs compared with licensed food retailers of similar products.

This bill may lead to an increase in the number of CFBs operating in Maryland. This would have a fiscal and operational impact on MDH, which issues business IDs (by request), reviews labels for CFBs who wish to sell their products to retail food facilities, responds to questions from CFBs, and assists local health departments in complaint investigations.

I hope this information is useful. If you would like to discuss this further, please contact me at (410) 260-3190 or [webster.ye@maryland.gov](mailto:webster.ye@maryland.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Webster Ye", with a stylized flourish at the end.

Webster Ye  
Assistant Secretary, Health Policy