

# Cottage Food Operators

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## Introduction

More Americans and more Mississippians want to eat fresh food and they want to eat locally. And thanks to new technology it is easier than ever for entrepreneurs to market their home-based businesses and sell the goodies they bake in their own kitchen.

Several years ago, Mississippi brought home bakers into the light with the passage of the state's cottage food law. This allows individuals to sell certain allowable products that they make at home. They can sell the products in various settings, such as farmers' markets, without a government inspection or a professional kitchen. And there is no license required or government fees to pay to begin.

The current law, however, comes with limitations. It restricts the internet sales of these products. This has caused widespread confusion over what exactly that means and has resulted in the Department of Health sending cease and desist letters to home bakers who posted their products on Facebook and Instagram. They have since said that is no longer their practice, but the vague law remains.

It also has a \$20,000 cap on gross annual sales. That is the third lowest cap among states with a cap nationally. All this cap does is restrict an entrepreneur's ability to earn an income, which then contributes to the tax base.

Opponents of cottage food operators, largely the established restaurant or bakery industries, will point to the fact that these operators aren't regulated by the state. But there has not been evidence to suggest that the lack of comprehensive regulations pose a threat to public health as some indicate. Consumers know what they are purchasing, where they are purchasing it from, and that it does not come from a government-inspected kitchen. They willingly accept the so-called risk.

Today's technology makes it easy to find high-quality food, read reviews from happy (or unhappy) customers, and make knowledgeable decisions. Online reviews and apps are doing the job of a government inspector.

In reality, the current limitations just serve to limit competition for established businesses. By eliminating restrictions in Mississippi, we can give consumers new options, grow the economy, and encourage entrepreneurship.

## Key Facts

- Mississippi's cottage food law has an annual sales cap of \$20,000, while 27 states have no limitation on what you can earn.
- Sales are allowed in house, at special events, farmers' markets, and roadside stands.
- Sales are prohibited online and to restaurants and retail stores.
- 83 percent of cottage food operators are female, according to a report from Institute for Justice.
- Cottage food operators tend to be more likely to live in rural communities and have lower incomes than the national average, according to the IJ report.

## Recommendations

- + Eliminate the sales cap on cottage food operators.
- + Remove the prohibitions on selling online, to restaurants, and to retail stores.

