



INSTITUTE FOR JUSTICE

Testimony in Support of SF 1563

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Dear Chair Putnam Members of the Senate Agriculture, Broadband, and Rural Development Committee:

Thank you for the opportunity to submit testimony in support of SF 1563. My name is Meagan Forbes, and I am Senior Legislative Counsel at the Institute for Justice. We are a nonprofit, public interest law firm that works to protect civil liberties. We have helped cottage food producers in Minnesota and across the country reform laws that arbitrarily limit the sale of homemade food. We support this bill because it will reduce needless barriers to buying and selling locally-made food in the state.

Cottage food businesses are a way for entrepreneurs with big dreams but little capital to start small in their own homes without having to spend thousands of dollars on professional equipment and commercial kitchen space. Nearly every state across the country recognizes these businesses as job creators and revenue generators.

At the Institute for Justice, we have studied the effects of cottage food businesses on local economies and communities and researched food safety. We have consulted experts, reviewed CDC data and followed up with health departments in states that have expanded their cottage food laws. Our research confirms that cottage food is inherently safe for producers and consumers and that cottage food businesses help stimulate economic growth in their communities.¹

Minnesota improved its cottage food law in 2021 by raising the gross sales cap from \$18,000 (then one of the lowest caps in the country) to \$78,000 to allow cottage food producers to earn a living wage. However, now with inflation, this cap is less today than it was in 2021.

SF 1563 raises the cap to \$85,000 to adjust for rising costs due to inflation. This reform is a positive step forward. Across the country, 33 states do not cap producers' gross sales. Many states have also raised their caps. Revenue caps were originally intended to limit producers' volume to encourage producers to become licensed, but producers' volume is already naturally limited by the size of their kitchens.

This bill also addresses another arbitrary restriction in Minnesota's cottage food law that 35 states do not have. Minnesota does not allow cottage food producers to ship

¹ Jeffrey K. O'Hara, Marcelo Castillo, Dawn Thilmann McFadden, Do Cottage Food Laws Reduce Barriers to Entry for Food Manufacturers?, Applied Economic Perspectives and Policy (2020), volume 00, number 00, pp. 1-17, <https://foodsystems.colostate.edu/wp-content/uploads/2020/07/aepp.13047.pdf>.



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their products to consumers. In today's economy, having this kind of flexibility benefits businesses and consumers. It also is helpful for cottage food producers and consumers who live in more rural parts of the state.

In conclusion, SF 1563 is an important way the state can reform Minnesota's cottage food laws to support the production of local food and economic opportunity without compromising food safety. We encourage the committee to support these reforms.

Sincerely,

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