

THE COTTAGE FOOD LAW AT MICHIGAN FARMERS MARKETS



The Michigan Cottage Food Law, signed into law in 2010, allows specific products to be sold in direct-to-consumer settings without having been created in a licensed kitchen. Products must meet certain criteria, such as specific product eligibility and labeling requirements.

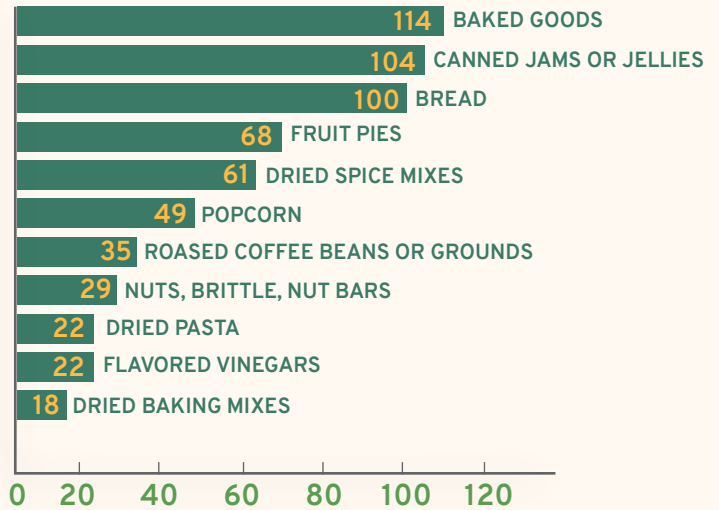
According to the Michigan Department of Agriculture and Rural Development, “under the Cottage Food Law, non-potentially hazardous foods that do not require time and/or temperature control for safety can be produced in a home kitchen (The kitchen of the person’s primary domestic residence) for direct sale to customers at farmers markets, farm markets, roadside stands, or other direct markets.”

The Cottage Food Law allows home-based food businesses to get a start in farmers markets and other direct-to-consumer settings. For some, this is a way to catalyze business before entering licensed kitchens and retail channels; for others, cottage food sales are ongoing and steady income generators. This law also allows farmers to diversify product offerings to buffer income between harvest seasons (by making jam from their fruit, for example).

According to the 2020 Census of Michigan Farmers Markets, most markets (94%) allow cottage food vendors. Nearly 120 farmers markets reported an accumulative total of 724 cottage food businesses sold at their markets in 2019, including 428 (58%) that were also farmers. The average market has 6 cottage food vendors, but this ranges from one to seventy, depending on market size. Cottage food vendors sell a wide variety of products, with baked goods, canned jams, and bread among the most popular.

For many cottage food businesses, this process is a stepping stone to see if there is market viability for their product and allows them to see if operating a food business is the right path for them. Many market managers have reported instances of cottage food success stories.

TYPES OF COTTAGE FOODS SOLD



Number of markets reporting in the 2020 Census of Michigan Farmers Markets

MARKET MANAGERS REPORTED COTTAGE FOOD VENDORS:

 57

Became licensed businesses.

 39

Opened a retail store or restaurant.

50 

Turned their cottage food business into full-time work.

37 

Hired others to work to support their businesses.

Because the initial intent of the Cottage Food Law was to reduce barriers to entry for new food entrepreneurs as they test products and build viable business models, once their products and business strategies have proven successful, each of these measures represents business growth and expansion made possible by the Cottage Food Law.

WHY MIFMA SUPPORTS HB 4122



Increases the annual gross sales cap to \$50,000 and ties it to the Detroit Consumer Price Index.

The current cap was set in 2012 and has not changed since that time. This increases the amount of sales a cottage food business can reach before moving into a licensed business model and allows for more capacity to be built and more business assets to accumulate before making that significant investment.

Creation of an optional registration system for product labels.

Current product labeling requirements instruct cottage food businesses to put their home address on each label, which opens the door for customers to appear without notice at their homes and raises other privacy and safety concerns. Creating an optional registration system would allow producers to place a unique identifying number on their labels instead to maintain traceability while protecting their privacy and home.

Allows for sales outside of direct face to face interactions.

The COVID-19 pandemic reinforced that farmers markets and other community-driven marketplaces are utilizing internet and mail order sales, along with third-party food delivery platforms to reach more customers. Under the current law, cottage food businesses are prevented from participating in these outlets due to requirements of direct physical interaction with the product maker during the sale and receiving of that product. Opening up cottage food businesses to online sales helps them stay competitive in today's retail environment.



House Bill 4122 makes needed updates to Michigan's current Cottage Food law and supports the growth and viability of emerging food entrepreneurs.

The Michigan Farmers Market Association (MIFMA) is a statewide, member-based nonprofit located in East Lansing. Our mission places equity at the forefront of supporting the viability of community-driven marketplaces so that they can connect ALL consumers to local farms and businesses. We have been in existence since 2006 and work to support and represent community-driven marketplaces including nearly 300 farmers markets as well as thousands of farmers and small businesses that sell their products directly to consumers across the state. MIFMA supports policy initiatives within the state of Michigan that advance and improve community-driven marketplaces.



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