

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB402

Patron: Callsen

Bill Title: Cottage food laws; sale of certain food over phone and internet; home food processing operation inspection and permit requirements.

Bill Summary: Expands the exemption from state inspection requirements for private homes where the resident processes and prepares certain food products, including pickles and other acidified vegetables, to allow for such person to sell such products in person at any location, through the internet, or by telephone and deliver such products in person, through an agency, or by mail to an individual for his own consumption or for resale or consignment, subject to certain restrictions. Current law only allows for the sale to take place in person at the private home, a temporary event, or a farmer's market and restricts the sale of such products for resale or consignment. The bill also removes the gross sales annual revenue cap for the sale of pickles and other acidified vegetables that have an equilibrium pH value of 4.6 or lower and are processed and prepared in a private home without an inspection. Finally, the bill streamlines the permitting and inspection requirements for home food processing operators, defined in the bill, to allow such operators to produce, store, and sell food without being required to (i) submit certain documents such as a preoperational plan review, (ii) comply with commercial-grade standards beyond what is imposed on a private residence, or (iii) upgrade or install commercial-grade appliances. The bill preserves the authority of the Commissioner of Agriculture and Consumer Services to conduct inspections to investigate consumer complaints or verify that the home food processing operator has complied with the provisions of the bill after a permit has been issued.

Budget Amendment Necessary: No.

Items Impacted: N/A

Explanation: This bill involves the Virginia Department of Agriculture and Consumer Services (VDACS); however, no budget action is required. See Fiscal Analysis section below.

Fiscal Summary: It is anticipated that this bill may result in an indeterminate fiscal impact to the Virginia Department of Agriculture and Consumer Services (VDACS) and Virginia Department of Health (VDH); however, the potential costs are indeterminate.

Fiscal Analysis: This statement is preliminary. VDACS collects a \$40 annual food safety inspection fee from each firm that is inspected. With 919 currently permitted home food processors, VDACS could see a maximum of \$36,760 in reduced inspection fee revenue should any of these home food processors wish to be exempted per this legislation. The agency is unable to determine the number of firms that would opt in to the exemption.

The fiscal impact the provisions of this legislation would have on VDH cannot be determined. VDH assumes that these locations are likely to be perceived by the public as food establishments, which are permitted by VDH. Local health department staff may receive complaints and inquiries for assumed inspection reports. The volume of complaints and follow-up investigation that would result from this bill is unknown.

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Other: VDACS indicates that this bill may allow for the unregulated sale of meat and poultry products. VDACS currently operates a meat inspection program under a cooperative agreement with the United States Department of Agriculture in the Office of Meat and Poultry Services (OMPS). If Virginia does not operate a meat inspection program with standards equal to the federal requirements, the federal government could cancel the Virginia program, which would result in VDACS losing \$2.6 million in related federal funding and approximately 50 supported positions in OMPS.

VDACS also has a separate annual Human Food Inspection contract with the Food and Drug Administration to inspect approximately 200 food manufacturers and food warehouses in Virginia. This bill would also create a conflict between these federal regulations and Virginia's program, which could jeopardize VDACS's ability to retain the contract and approximately \$400,000 in annual contract funding that supports approximately three Office of Dairy and Foods positions.