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

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Bill Number: HB402H1 **Patron:** Callsen
Bill Title: Cottage food laws; sale of certain food over phone and internet.

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, by mail, or by delivery service 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 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. The bill also requires the Department of Agriculture and Consumer Services to convene a Home Food Processing Operator Work Group and report its findings to the Chairs of the Senate and House Committees on Agriculture, Conservation, and Natural Resources by the 2027 General Assembly.

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 revenue reduction to the state.

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. VDACS anticipates being able to absorb any costs associated with the required work group.

The Virginia Department of Health does not anticipate any fiscal impact from this legislation.

Any current violation of food establishment inspection law is a Class 1 misdemeanor. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail and a fine of not more than $2,500, either or both. This proposal would likely decrease the number of people sentenced to jail or prison. This decrease would result in indeterminate savings for the state. Proceeds of all fines and penalties collected for offenses committed against the Commonwealth are paid into the state treasury to the credit of the Literary Fund. This bill would result in an indeterminate reduction in Literary Fund revenues.

Other: None.