Small Farm & Direct Marketing Handbook

Regulations and Strategies for Farm Businesses in Washington State

SIXTH EDITION
Updated 2010

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A PUBLICATION OF
THE WASHINGTON STATE DEPARTMENT OF AGRICULTURE
Dan Newhouse, Director

The sixth edition of this handbook was prepared by
Patrice Barrentine, Colleen Donovan and Fred Berman

To receive additional copies of this handbook, contact:
WSDA Small Farm & Direct Marketing Program
P.O. Box 42560
Olympia, WA 98504
(360) 902-1926
smallfarms@agr.wa.gov

Or download from the WSDA Web site:
http://agr.wa.gov/Marketing/SmallFarm/directmarketinghandbook.aspx

AGR PUB 200-056 (R/1/10)

Do you need this publication in an alternate format?
Contact the WSDA Receptionist at (360) 902-1976 or TTY Relay (800) 833-6388.

Note: The information included in this handbook is current at the time of publication. However, laws and regulations can change frequently. Please refer to the contacts listed for the most up-to-date information on requirements and fees.

This handbook was made possible by a Community Outreach and Partnership Assistance grant from USDA Risk Management Agency (RMA). www.rma.usda.gov/

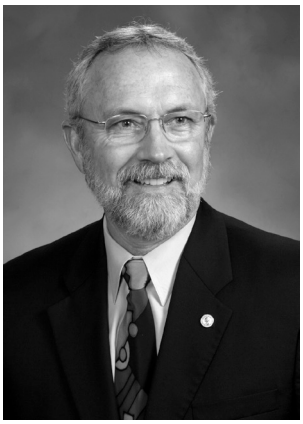
Small Farm
&
Direct Marketing
Handbook

Regulations and Strategies for Farm Businesses in Washington State

WSDA
WASHINGTON STATE
DEPARTMENT OF AGRICULTURE

STATE OF WASHINGTON
DEPARTMENT OF AGRICULTURE
P.O. Box 42560 • Olympia, Washington 98504-2560 • (360) 902-1800

A Message from the Director



Dear Fellow Farmer:

For nearly a decade, WSDA's Small Farm Direct Marketing Program has aimed to assist the vast majority of Washington's 39,000 farming families – those who have small or direct marketing farms. Launching or expanding a small farm or food business is a daunting task in the best of times. Today's uncertain economy is particularly challenging for small businesses.

Washington's small producers do have an ace in the hole: shoppers who want to know and support their local farmers. In urban centers and smaller towns, more than 140 farmers markets are playing host to the exciting local foods movement. Chefs are making local ingredients a selling point on their menus. With such enthusiastic customers, I am very optimistic about the future of agriculture in every corner of our state.

Our team stands at the ready to help you be successful. Now in its sixth edition, *The Small Farm and Direct Marketing Handbook* (popularly known as the "Green Book") is a valuable reference guide for anyone navigating the many regulations governing the sales of farm products in the state of Washington. In this concise, plain-language resource, you will find direct marketing strategies, a guide to regulations for specific farm products, additional resources and contacts for other helpful industry organizations.

Our WSDA Small Farms team is always ready to provide further assistance. We offer additional insights through our *Washington State Farmers Market Manual*, our Web site (www.agr.wa.gov/marketing/smallfarm), and interactive presentations to groups and direct consultations with individual producers. Please don't hesitate to contact us.

As a farmer, I understand the challenges of the complex regulatory environment that producers face. It can be daunting. But I also see the pride my customers feel in supporting a Washington grower. By tapping into that community spirit, small farms are not just growing crops; they're cultivating new profitable customer relationships.

Best wishes,

Dan Newhouse
Director, WSDA

How to Use this Handbook

Welcome to the "Small Farm and Direct Marketing Handbook: Regulations and Strategies for Farm Businesses in Washington State." This is the sixth edition of this guide, popularly known as "The Green Book." Our goal is to help beginning, established and/or transitioning farmers understand the rules and regulations for direct marketing an endless range of food, flower, seed and nursery products in Washington State.

The "Small Farm and Direct Marketing Handbook" is a publication of the Washington State Department of Agriculture's (WSDA) Small Farm and Direct Marketing Program in collaboration with the WSDA Food Safety and Organic Food Programs. The USDA Risk Management Agency's Community Outreach and Partnership Assistance Program generously provided funding to expand, update and print this edition.

"Small Farm and Direct Marketing Handbook: Regulations and Strategies for Farm Businesses in Washington State"

We have two major goals with the Sixth Edition of the "Small Farm and Direct Marketing Handbook." One is to expand the content and the second is to make the format more user-friendly.

New information on direct marketing strategies and specific products is in response to the frequently asked questions we get from farmers around the state. We have also added a new section on "Running a Successful Small Farm Business" which includes information on direct marketing trends in Washington, taxes, licenses, labor for farm businesses and accessing agricultural education and marketing opportunities.

The Handbook's new format is intended to make it easier to find what you need, to keep information as updated as possible, and to be able to easily add new topics in the future. The design is inspired by Cornell University's "Guide to Farming in New York State" developed by Monika Roth, a Marketing Specialist at Cornell.

The Handbook includes a series of individual fact sheets organized around four major topics:

- **Getting Connected**
- **Running a Successful Farm Business**
- **Direct Marketing Strategies**
- **Regulations for Specific Products**

The fact sheets are designed to be brief and to the point. Additional details can be found via the web links provided or by calling resources listed.

The entire Handbook will be available online as one document and as individual fact sheets in Spring 2010.

Each fact sheet is numbered for easy cross referencing and has the date it was last updated so you will know if you have the most recent version.

We have also included a fact sheet on "Resources in Spanish" and one on "Resources in Hmong." We will be working, as funding allows, with WSU Small Farms Program to make information in the "Small Farm and Direct Marketing Handbook" available to Hmong and Latino farmers.

This handbook summarized applicable state and federal laws. It is an overview of those laws, not a complete description and in case there are any conflicts, the applicable law prevails. When in doubt, always check with the agency responsible for implementation of these laws or seek legal advice.

WSDA Small Farm and Direct Marketing Program

Helping Washington State farmers sell their products through direct marketing and increasing the economic viability of small farms is at the heart of the WSDA Small Farm and Direct Marketing Program's mission. As with this Handbook, we leverage our efforts by collaborating with a dynamic network of agencies, WSU Extension, non-profits, county agriculture programs and university partners across the state.

The Small Farm and Direct Marketing Program is not a regulator nor does it have any regulatory authority. When appropriate, the Small Farm and Direct Marketing Program can serve as a liaison between farmers and regulators to clarify questions or provide feedback.

With support from Eric Hurlburt (WSDA Domestic Marketing & Economic Development), the Small Farm and Direct Marketing Program has two staff ready to work with you:

Patrice Barrentine, Direct Marketing Coordinator
(360) 902-2057
pbarrentine@agr.wa.gov

Based in Olympia, Patrice offers expertise in direct marketing, producer grants, farmers markets, merchandising, immigrant and women farmer outreach.

Fred Berman, Small Farm Coordinator
(360) 676-2059
fberman@agr.wa.gov

Based in Bellingham, Fred offers expertise in value-added and meat processing, infrastructure development, farm business and risk management.

The WSDA Small Farm and Direct Marketing Program is guided by an advisory board made up of fifteen farmers, buyers, interested trade organizations and other volunteers. To streamline efforts, this board simultaneously advises the WSU Small Farm Program. To learn more or get involved, please contact our program.

We look forward to your feedback

To make suggestions on how to improve the "Small Farm and Direct Marketing Handbook: Regulations and Strategies for Farm Businesses in Washington State," please email us at smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

We hope this is a helpful resource and look forward to your feedback.

Message from WSDA Director, Dan Newhouse

How to Use this Handbook

Getting Connected

1. Networks for Washington State Small Farms
2. Resources for Latino Farmers in Washington State
3. Resources for Hmong Farmers in Washington State

Running A Successful Farm Business

1. Licensing
2. Financing Your Farm
3. Taxes
4. Insurance
5. Labor on the Farm

Direct Marketing Strategies

1. Direct Marketing in Washington State
2. Selling Directly to Consumers
3. Selling Directly to Restaurants and Grocery Stores
4. Selling Directly to Institutions
5. Organic Certification
6. Other Certifications and Eco-labels

Regulations for Specific Products

1. Selling Fresh Fruits and Vegetables
2. Selling Eggs
3. Selling Honey
4. Selling Mushrooms
5. Selling Dairy Products
6. Poultry Processing and Marketing Regulations
7. Selling Beef, Pork, Goat and Other Meat
8. Selling Fish and Shellfish
9. Selling Prepared Foods
10. Food Processing
11. Selling Wine, Beer, Hard Cider and Distilled Spirits
12. Selling Personal Care Products

Getting Connected

Small Farm & Direct Marketing Handbook

Regulations and Strategies for Farm Businesses in Washington State

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There are a variety of resources in Washington to support small farm and direct marketing businesses. Classes, workshops, field days, and conferences are held locally, regionally and state-wide. These opportunities are offered by non-profits, county agriculture programs, WSU Extension and WSU Small Farms Program, as well as the WSDA Small Farm and Direct Marketing Program, USDA and many local partners and farmers. Most resources rely heavily on the Internet for announcements and sharing information. If you do not have access to the Internet, please call numbers below to be added to a mailing list or have resources mailed to you.

This fact sheet includes:

- key state listservs;
- farm business resources;
- ongoing technical, business and other farmer support; and
- farm listings.

For their helpful review of this fact sheet, we would like to thank Mary Embleton, Karen Kinney, Marcy Ostrom and Michel Wiman.

Key State Listservs:

The following groups manage listservs that regularly post upcoming events for small farms on a wide range of topics. Please go to the web address and follow directions to be added to a listserv. You may be able to find a more local listserv through your county extension office, conservation district, USDA service center, farmers markets, or area non-profits.

Cascade Harvest Coalition: www.cascadeharvest.org
Education and networking in Western Washington, annual farm guide and CSA directory.

Rural Roots: www.ruralroots.org
Education and networking in Inland Northwest.

Sustaining the Pacific Northwest: http://csanr.wsu.edu/publications/SPNW/spnwarchive.html
Monthly newsletter on organic agriculture research, education and resources from the WSU Center for Sustainable Agriculture and Natural Resources.

Tilth Producers of Washington: www.tilthproducers.org
Education and networking, produces annual producer directory, quarterly newsletter, searchable website and annual conference.

WSU Small Farms Program's Washington Family Farm Resources E-News:
http://smallfarms.wsu.edu/joinemaillist.html
Announces key educational events and resources for Washington small farms.

Washington Sustainable Food & Farm Network: www.wsffn.org
Education, grassroots organizing, policy advocacy and lobbying.

Farm Business Resources:

The following resources may help you run your farm business in Washington.

Access Washington
http://access.wa.gov/business Look in Doing Business

"Cultivate the Soil: Resources for Beginning & Small-Scale Farmers & Ranchers in Washington State"
www.wshfc.org/farmranch/resources.pdf

"Guide for Small Business in Washington State"
www.commerce.wa.gov Look in Business Resources

The *Capital Press Agricultural Weekly* (www.capitalpress.com) is also an excellent resource for keeping in touch with agriculture on the West Coast.

Ongoing Technical, Business and Other Farmer Support:

The following programs offer classes, workshops, webinars, farm walks and other ways to learn and network.

Ag Forestry Leadership Program
(509) 926-9113
www.agforestry.org

Cascade Harvest Coalition / Farm Link
(206) 632-0606
www.cascadeharvest.org

The Evergreen State College Organic Farm
(360) 867-6160
www.evergreen.edu/cell/organicfarm.htm

Gorge Grown Food Network
(541) 490-6420
www.gorgegrown.com

Northwest Agricultural Business Center
(888) 707-2021
www.agbizcenter.org

Organic Seed Alliance
(360) 385-7192
www.seedalliance.org

Quillisascut Farm School
(509) 738-2011
http://quillisascut.com/farm-school

Rural Roots
(208) 883-3462
www.ruralroots.org

Tilth Producers of Washington
(206) 442-7620
www.tilthproducers.org

Washington State Department of Agriculture
(360) 902-1800
http://agr.wa.gov

Washington State Farm Bureau
(360) 357-9975
www.wsfb.com

Washington State Farmers Market Association
(206) 706-5198
www.wafarmersmarkets.com

Washington State Small Business Development Centers
(509) 358-7765
www.wsbdc.org

WSU College of Agricultural, Human, and Natural Resource Sciences
(509) 335-6967 http://cahe.wsu.edu
A list of County Extension Offices is available at
http://extprograms.wsu.edu

WSU Center for Sustaining Agriculture and Natural Resources
(253) 445-4626
http://csanr.wsu.edu

WSU Organic Farm
(509) 335-5893
http://css.wsu.edu/organicfarm

WSU Small Farms Team
(509) 663-8181 Ext 235
http://smallfarms.wsu.edu

WSU Small Farm Program's Cultivating Success: Sustainable Small Farms Education
(509) 663-8181 Ext 235
www.cultivatingsuccess.org

Farm Listings:

If you are interested in promoting your farm and products online or on farm maps, the following are good places to start. There may also be specific regions and counties that provide listings.

EAT North Central Washington
http://eatncw.org/foodsearch

Food Hub – EcoTrust
(503) 467-0816
http://food-hub.org

Local Harvest
(831) 515-5602
www.localharvest.org

Puget Sound Food Network
(360) 336-3666
http://psfn.org

Puget Sound Fresh Farm Guide / Cascade Harvest Coalition
(206) 632-0606
www.pugetsoundfresh.org

Rural Roots Local Food Guide
(208) 883-3462
www.ruralroots.org

Tilth Producers Directory
(206) 442-7620
www.tilthproducers.org/directory/tpdirportal.htm

WSU Farm Finder
http://smallfarms.wsu.edu/farms/locate_search.asp

Recommended Fact Sheets: Resources in Spanish, Resources in Hmong

To provide comments or suggest a resource to add to this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Every year the number of Latino farmers and ranchers is growing in Washington State. Being a farmer is very hard work, but it yields many benefits to the family, community and everyone who eats in this state. This fact sheet is designed to help Latino farm businesses find the information and resources they need to be successful.

This fact sheet includes:

- programs for Latino farmers in Washington State;
- resources for apple growers;
- resources from the Washington State Department of Agriculture (WSDA);
- other State of Washington agencies; and
- national organizations with agricultural resources in Spanish.

We would like to thank Dr. Malaquias Flores, Dr. José L. García-Pabón, Dr. Marcy Ostrom, and Sarita Schaffer for their generous help with this fact sheet.

Para obtener una copia de "Recursos para Productores Latinos en el estado de Washington", poniéndose en contacto por correo electrónico: smallfarms@agr.wa.gov o llame por teléfono: (360) 902-2057.

Programs for Latino Farmers in Washington State

Center for Latino Farmers
Yakima, WA
(509) 453-3157
www.centerforlatinofarmers.com

Tilth Producers of Washington conference
Includes workshops on organic agriculture in Spanish
www.tilthproducers.org
(206) 442-7620

Community to Community
Rosalinda Guillen
(360) 738-089
decomunidad@qwestoffice.net
http://foodjustice.org

Hispanic Orchardist Employee Education Program
Wenatchee Valley College
Leo Garcia and Francisco Sarmiento
(509) 682-6628
lgarcia@wvc.edu or fsarmiento@wvc.edu
www.wvc.edu/directory/departments/agriculture/hoeep.asp

Las Americas Business Center
Lynnwood, WA
www.lasamericasplaza.com
(425) 672-4255

Tilth and WSA Bilingual Farm Walk
Sponsored by WSU Small Farms Team: smallfarms.wsu.edu and
"Tilth Producers of Washington" www.tilthproducers.org
(509) 663-8181 Ext. 235

WSU Small Farms Program
Dr. Malaquias Flores, Latino Farming Director
Yakima, WA
(509) 952-3346
mflores@wsu.edu
http://smallfarms.wsu.edu/immigrant-farmers

Cultivating Success
Bilingual classes: "Small Scale Sustainable Agriculture" and "Farm Business Planning"
Sarita Schaffer, Latino Farming Program Coordinator for NW Washington
Burlington and Mount Vernon, WA
(206) 914-7948
sschaffer@wsu.edu
www.CultivatingSuccess.org

WSU Latino Outreach Program
Dr. José García-Pabón
Richland, WA
(509) 372-7389
Garciajl@wsu.edu

Washington State Hispanic Chambers of Commerce
www.wshcc.com
(206) 273-7519

Resources for Apple Growers

"Manual de Monitoreo de Plagas, Enemigos Naturales Y Enfermedades del Manzano, Peral Y Cerezo, Una guía ilustrada para el estado de Washington" By Naná Simone
www.agcenter.org/progpest.html

WSU Tree Fruit Research and Extension Center
www.tfrec.wsu.edu

WSU Apple Pest Management Transition Project
http://pmtp.wsu.edu

Orchard Pest Management on Line
http://jenny.tfrec.wsu.edu/opm

WSU Crop Protection Guide for Tree Fruits
http://jenny.tfrec.wsu.edu/eb0419

WSU Decision Aid System
http://das.wsu.edu

Resources from the Washington State Department of Agriculture (WSDA)

Information for Latino Farmers
http://agr.wa.gov/Marketing/SmallFarm/espanol.aspx
For assistance, please call Jorge Lobos at (509) 249-6926 or email JLobos@agr.wa.gov.

The 2006 version of the WSDA Handbook for Regulations for Direct Farm Marketing ('The Green Book") or **Manual de Reglamentos Para el Mercadeo Directo de Productos Agrícolas ("El Libro Verde")** is available in Spanish online. The Handbook includes information about regulations for selling agricultural products in the state of Washington. It is a comprehensive guide for direct marketing and includes an extensive section on resources and relevant publications.

To get your free copy of The Green Book, please visit http://agr.wa.gov/Marketing/SmallFarm/docs/056S-Greenbook-Spanish-web.pdf or email smallfarms@agr.wa.gov.

We will be working, as funding allows, with WSU Small Farms Program to make information in the 2010 "Small Farm and Direct Marketing Handbook" available to Hmong and Latino farmers.

"Risk Management Strategies for Farm Businesses" or **Manejo del Riesgo y Estrategias para Negocios Agrícolas** is a series of CDs that cover ten risk management themes in Spanish. Completed in March 2009, the series is designed for people who are or are seeking to become farm owners. The CDs are a resource to help producers make strategic management decisions on their farm. They are available for audio downkload online at http://agr.wa.gov/Marketing/SmallFarm/espanol.aspx, or in hard copy by emailing smallfarms@agr.wa.gov, or calling (360) 902-2057.

To get your free copy of "Risk Management Strategies for Farm Businesses" in Spanish, please visit http://agr.wa.gov/Marketing/SmallFarm/docs/056S-Greenbook-Spanish-web.pdf or email smallfarms@agr.wa.gov.

WSDA Farmworker Education
http://agr.wa.gov/PestFert/LicensingEd/FarmworkerEducation.aspx

Other State of Washington Agencies

Access Washington en Español
http://access.wa.gov/translations/spanish.aspx

US Small Business Administration (Agencia Federal para el Desarrollo de la Pequeña Empresa)
www.sba.gov/espanol
Seattle District Office: (206) 553-7310
Spokane Branch Office: (509) 353-2800

Access Washington en Español (Departamento de Servicios de Información)
http://access.wa.gov/translations/spanish.aspx

Department of Labor and Industries - L&I (Departamento de Labor y Industrias)
www.lni.wa.gov/spanish
(800) 547-8367

Washington State Department of Licensing - DOL (Departamento de Expedición de Licencias)
www.dol.wa.gov
(360) 664-1400

Washington State Department of Revenue - DOR (Departamento de Ingresos)
http://dor.wa.gov/Content/FindTaxesAndRates/espanol
(800) 647-7706

Employment Security Department - EDS (Departamento para la Seguridad del Empleo)
www.esd.wa.gov/uibenefits/spanish

Washington State Commission on Hispanic Affairs
www.cha.wa.gov/?q=es/home
(800) 443-0294

National Organizations with Agricultural Resources in Spanish

Complete list of programs and resources for Latino farmers is available at:
http://smallfarms.wsu.edu/immigrant-farmers/latino-federal.html

ATTRA en Español
http://attra.ncat.org/espanol
(800) 411-3222

Extensión en Español
http://extensionenespanol.net/
bs-watson@tamu.edu

Éxito en el Norte
www.exitovideos.com

Latino Agricultural Resource Center at Penn State
http://international.cas.psu.edu/LARC.htm
(814) 865-8309

National Immigrant Farming Initiative (NIFI)
www.immigrantfarming.org

Recommended Fact Sheet: Networks for Washington State Small Farms

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Washington has nearly one hundred Hmong farms in the Puget Sound region growing. Hmong farmers grow vegetables and flowers and are known for their gorgeous flower displays at Washington farmers markets. This fact sheet is designed to help Hmong farm businesses find the information and resources to be successful.

This fact sheet includes:

- programs dedicated to Hmong farmers in Washington State;
- Washington State agencies for business, farm, and advocacy support; and
- national organizations with resources for immigrant farmers.

Programs Dedicated to Hmong Farmers in Washington State

WSU Small Farms Team Program and Resources for Hmong Farmers
http://smallfarms.wsu.edu/immigrant-farmers/hmong-resources.html

This program provides:

- Extension courses on business and farm management, followed by one-on-one counseling;
- Marketing workshops;
- "Farm walks" that promote hands-on learning and information exchange among producers and university specialists. Strategies covered include alternative pest management, soil and water management, and conservation; and
- A Hmong-language hotline; assistance accessing federal programs; sessions on completing loan applications; and support for farmer-led organizations.

For more information, please contact:

Bee Cha
Hmong Program Coordinator
WSU Small Farms Program
Based in King County, WA
Bee_Cha@wsu.edu
(206) 205-3154

Hmong Farmer Association of Washington
Fong Cha, Chairman
Carnation, WA
Fong1347@yahoo.com
(425) 333-4393

Local Publications and Resources for Hmong Farmers from WSU
http://smallfarms.wsu.edu/immigrant-farmers/hmong-publications.html

Washington State Agencies for Business, Farm and Advocacy Support

Access Washington
http://access.wa.gov/business

Office of Minority and Women's Business Enterprises
www.omwbe.wa.gov or call (360) 704-1187

Washington State Commission on Asian Affairs

www.capaa.wa.gov or call (360) 725-5667

Washington State Department of Agriculture (WSDA)
Please contact the Small Farm and Direct Marketing Program.
Email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059

Washington State Department of Labor and Industries - L&I
www.lni.wa.gov or call (800) 547-8367

Washington State Department of Licensing - DOL
www.dol.wa.gov or call (360) 664-1400

Washington State Department of Revenue- DOR
http://dor.wa.gov or call (800) 647-7706

Washington State Employment Security Department - EDS
www.esd.wa.gov

National Organizations with Resources for Immigrant Farmers

ATTRA
http://attra.ncat.org
(800) 411-3222

National Immigrant Farming Initiative (NIFI)
www.immigrantfarming.org

Programs and Curriculum for Hmong Farmers
http://smallfarms.wsu.edu/immigrant-farmers/hmong-bibliography.html

United States Small Business Administration
www.sba.gov/localresources/district/wa

Seattle District Office	Spokane Branch Office
(206) 553-7310	(509) 353-2800

Websites with Agricultural Resources Relevant to Working with Hmong Farmers
http://smallfarms.wsu.edu/immigrant-farmers/hmong-websites.html

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Recommended Fact Sheet: Networks for Washington State Small Farms

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Running a successful farm business requires certain licenses and permits which may take time to understand, apply for and receive. The licenses and permits highlighted below are meant to help guide farmers in the requirements for running a farm business.

This fact sheet includes information on:

- Master Business License;
- Specialty Licenses;
- Pesticide Applicator License;
- Cash Buyer's, Produce Dealer's License, and Commission Merchant's License;
- US Department of Transportation Intrastate Number;
- Commercial Driver's License Exemption; and
- Food Handler Permit.

In addition to the list above, WSDA offers Specific Agricultural Product Licenses and Food Processor Licenses. These are covered in the "Regulations for Specific Products" section of this handbook.

Master Business License

A **Master Business License** is available from the Washington State Department of Licensing (DOL) and required for any business that gross more than $12,000 annually. If your farm requires a **Specialty License**, then you will need a Master Business License in order to get the Specialty License. You can register for both at the same time or add a Specialty License later.

A Master Business License has a one-time $15.00 fee. It costs $5.00 to register a trade name. While a trade name is optional, it may save time down the road, if you register one from the start of your business.

By getting Master Business License, you will be sent a Washington State Unified Business Identifier (UBI) Number or Tax Registration Number. The UBI offers some advantages such as enabling you to open a business bank account.

Before getting your business license you will need to decide your **ownership structure**. The definitions of ownership structures are available online: www.dol.wa.gov/business.

Prior to completing the application, it is helpful to know if you will have **employees**. An employee is generally someone for whom an employer determines their work schedule, hours, and job responsibilities. They usually receive a federal W-2 form (employee wages) from the employer and have federal income tax, social security contributions, and workers' compensation withheld from their paycheck.

Specialty Licenses

Specialty Licenses are required by law if you meet any of the below criteria:

- sell by weight and use scales;
- sell eggs off-farm;
- sell more than $100 of nursery products (excluding cut flowers);
- sell taxable items (such as cut flowers); or
- sell alcohol.

In addition, a Specialty License is required if you are a bulk fertilizer distributor, seed dealer, or a pesticide dealer.

Specialty Licenses are renewable annually and have different fees. The DOL has a custom business licensing guide online that can help you navigate what you need. You can register and pay online or at office locations around the

state. Some municipalities have additional licensing requirements and are listed online. For more information, please go to: www.dol.wa.gov/business, or email mls@dol.wa.gov, or call (360) 664-1400.

Example: If you want to sell eggs to a restaurant, apply for your Master Business License (if you don't have it already), pay for it and your specialty license for egg handler/dealer, then WSDA will come out and inspect your operation, approve it, and your licensing will become complete and you are ready to do business.

Pesticide Applicator License

The Washington State Department of Agriculture requires an annual Pesticide Applicators License for people who apply or supervise the application of a restricted use pesticide on land owned or rented by the person or their employer for the purpose of producing an agricultural commodity. The license currently ranges from $33.00 to $215.00 per year depending upon application type.

Classes and tests are required for each license, and are available throughout the state. Many of these are available in Spanish. For more information, please go to: http://agr.wa.gov/PestFert/LicensingEd, email license@agr.wa.gov, or call (877) 301-4555.

Cash Buyer's, Produce Dealer's, and Commission Merchant's License

Any person who purchases agricultural products for re-sale must be licensed by the Washington State Department of Agriculture Commission Merchants Program annually as a commission merchant, dealer, or cash buyer. This may also require a bond. Washington's Commission Merchants Program was established to protect producers, buyers, and sellers of agricultural products against illegal business practices.

A **Cash Buyer's License** is required for anyone who 1) buys produce for the purpose of reselling, and 2) pays cash at the time of taking possession. A cashier's check, certified check, or bank draft may be used in lieu of cash, but no personal or business checks may be used. A Cash Buyer may not deal in livestock, hay, grain, or straw. A Cash Buyer's License costs $125 per year.

A **Produce Dealer's License** is similar to a Cash Buyer's License. It is required for anyone who 1) buys produce for the purpose of reselling, and 2) pays the grower by personal check or buys on credit. A Produce Dealer's License is $560 and the licensee must be bonded for $10,000. To view a list of licensed produce dealers go to: http://agr.wa.gov/Inspection/CommissionMerchants/docs/rptProduce.pdf.

A **Commission Merchant's License** is required for anyone who 1) buys produce for the purpose of reselling, and 2) is being paid a sales commission by the producer. Any one who receives any agricultural product on consignment for sale or processing needs this license. A Commission Merchant's License costs $560 and the licensee must be bonded for an amount based upon the annual gross dollar amount of purchases.

For more information, please visit the WSDA Commission Merchants Program at http://agr.wa.gov/Inspection/CommissionMerchants or contact them by emailing commerch@agr.wa.gov or calling (360) 902-1822.

US Department of Transportation Intrastate Number

In Washington State commercial vehicles owned and operated by farmers must have a Department of Transportation intrastate number from USDOT if they are:

- more than 10,000 pounds Gross Vehicle Weight and one of the types of vehicles described by DOL at www.dol.wa.gov/vehicleregistration/intrastatedot.html **AND**
- used to transport your own orchard, farm, or dairy products, livestock, or plant or animal waste within Washington State.

To get a USDOT number, you must go to the United States Department of Transportation. There is an online registration and compliance assistant program that will help you register by asking questions about the size of vehicles you operate and if you will be carrying passengers at www.fmcsa.dot.gov/registration-licensing/gettingstarted/guide0.10.htm.

The USDOT Intrastate number is free and the vehicles are exempt from safety audits and compliance reviews.

Complete information about Washington State DOT licensing requirements can be found at www.dol.wa.gov/vehicleregistration/intrastatedot.html, or call (360) 753-0337.

Commercial Driver's License Exemption

By law, farmers transporting farm equipment, supplies, or products to or from a farm, in a farm vehicle, are not required to have a commercial driver's license if the vehicle is:

- operated by the farmer or a farm employee;
- not used in the operation of a common or contract motor carrier; and
- used within 150 miles of the farm (in an air-mile radius).

In this case, farm products include Christmas trees or wood products transported by vehicles weighing no more than 40,000 pounds licensed gross vehicle weight. This weight restriction applies only to Christmas trees and wood products.

If farmers meet all requirements for this commercial driver's license exemption, they may operate farm-exempt vehicles and cross into Idaho and Oregon.

Food Handler Permit

Washington State requires that all food workers have food safety training before handling food served to the public. A food worker is anyone who serves food commercially to the public. Food workers who attend a food safety training class and pass the State of Washington exam on food safety basics are issued a Food Worker Card (also called a Food Handler Permit).

Your first Food Worker Card is valid for two years and costs $10.00. Before the card expires, you must take the food safety training class and pass the exam again. Renewal cards after that are valid for three or five years.

Find a local health department office near you or for a copy of the study guide available in six languages and Braille, please go to: www.doh.wa.gov/ehp/food/localcontacts.html, or call: (888) 586-9427.

Recommended Fact Sheets: Food Processing, Labor, and section on Regulations for Specific Products

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Whether you are considering starting a new venture or expanding your existing farm business, access to adequate capital can be a challenge. While each situation is unique, many lenders utilize some variation of character, cash flow, capacity, capital, conditions and collateral to evaluate which loans to make.

Individual farmers are rarely eligible to apply directly for grants; government and private funders usually require non-profits, universities or government agencies to apply. However, there are a variety of loan programs specifically for farmers.

This fact sheet covers:

- farm loans;
- Washington State Housing Finance Commission;
- Northwest Farm Credit Services;
- USDA Farm Service Agency;
- USDA Rural Development;
- Small Business Administration; and
- Washington Department of Commerce.

Farm Loans

Financing for start-up businesses may include personal funds; loans from private investors such as family, friends, business associates and suppliers; home equity loans; refinancing of real estate; credit card lines of credit; value on life insurance policies and co-signing possibilities.

The key step in financing is creating a business plan and/or doing a close review of all financial statements to ensure they are accurate and complete. These financial statements generally include actual or projected balance sheets, profit and loss statements, cash flow projections, break-even analysis, sources and uses of funding, tax returns, schedule of existing indebtedness and, if a privately-held company, your personal financial statements.

If you are not able to get financing from commercial banks, savings and loans or other financial institutions, other options include seeking investors, finding someone to guarantee your loan or finding an institution with more flexible lending requirements. The following information may get you started in your search.

Washington State Housing Finance Commission

The Housing Finance Commission's **Beginning Farmer/Rancher Loan Program** offers low-interest loans that can be combined with other loans and grants, such as those from Northwest Farm Credit and USDA/FSA below. Loans are available up to $469,200 for land and improvements; $125,000 is available for new depreciable agricultural property or equipment, and $62,500 for used depreciable property or equipment. Individuals or families who have not owned and operated a farm or ranch, or, those who have owned and operated a farm or ranch that was less than 30% of the county's median farm size are eligible. The borrower must directly manage and work the farm/ranch. Off-farm income is okay. For more information see www.wshfc.org/FarmRanch.

Northwest Farm Credit Services

Northwest Farm Credit Services' **Ag Vision: Loans for Young, Beginning, Small or Minority Producers** program is designed to meet the needs of customers with at least one of the following characteristics:

- 35 years of age or younger;
- less than 10 years agricultural experience;
- recognized minority: African American, Native American, Alaskan Native, Hispanic, Asian, and Pacific Islanders, and women; or
- producer with farm production less than $250,000 annually.

Northwest Farm Credit also has other programs that offer financing to farmers, ranchers, agribusinesses, commercial fishermen, timber producers. To find out more, please see: www.farm-credit.com.

USDA Farm Service Agency (FSA)

The USDA Farm Service Agency (FSA) provides loans to established as well as beginning farmers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender. The two major types of loans FSA makes are for direct and guaranteed farm ownership and operating loans. FSA loans are often provided to beginning farmers who cannot qualify for conventional loans because they have insufficient financial resources.

FSA loans can be used to purchase land, livestock, equipment, feed, seed, and supplies. FSA loans can also be used to construct buildings or make farm improvements. In addition, the FSA also helps established farmers who have suffered financial setbacks from natural disasters, or whose resources are too limited to maintain profitable farming operations.

Additionally, FSA makes operating loans of up to $5,000 to eligible individual rural youth age 10 through 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and initiated, developed and carried out by rural youths participating in 4-H clubs, Future Farmers of America or a similar organization. For complete information, please see the Farm Service Agency website at: www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=landing

USDA Rural Development

USDA Rural Development works in partnership with the private sector and the community-based organizations to help fund businesses that create or preserve quality jobs and/or promote a clean rural environment. Recipients of these programs may include individuals, corporations, partnerships, cooperatives, public bodies, nonprofit corporations, Indian tribes, and private companies. Rural Development has a variety of other loan and grant programs for farmers from alternative energy to value-added food processing. For more information, please visit: www.rurdev.usda.gov/wa/busloans.htm or call the state office at (360) 704-7710.

Small Business Administration

The Small Business Administration (SBA) has the Low Documentation Program - a quick and easy lending program for small business loans up to $150,000. SBA guarantees up to 90% of the loan. In addition, their 7(a) Program provides loan guarantees to small businesses for working capital or fixed asset purchases. This loan guarantee is a promise by SBA to assume a private debt obligation if the borrower defaults. For more information see www.sba.gov/financialassistance/borrowers/guaranteed or www.sba.gov.

Washington Department of Commerce

The Washington Department of Commerce also provides rural development business loans. The Rural Washington Loan Fund (RWLF) Program makes loans to local municipalities, which can then loan an equivalent amount to the client - a local business or economic development agency. The loans provide gap financing to businesses which are expected to create new jobs or retain existing jobs, particularly for lower-income persons in rural counties. One of the RWLF's priorities is agricultural development and food processing. For more information, please visit: www.commerce.wa.gov/site/87/default.aspx.

Recommended Fact Sheet: Networks for Washington State Small Farms

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Like any small business, farmers are liable for paying a variety of taxes. These are determined by variables such as whether or not you own your land, have employees, sell non-food items, and where and how you sell your farm products. There are also some farm exemptions from paying taxes. This fact sheet is intended to help you navigate the world of taxes and your responsibilities and exemptions as a farmer and entrepreneur.

This information is for guidance only and is not intended to take the place of professional advice from lawyers and Certified Public Accountants. The IRS Web site is also a good resource.

This fact sheet covers the following taxes:

- federal taxes;
  - IRS Schedule F: Profit or Loss From Farming;
  - Self-employment tax;
  - Payroll taxes;
  - Unemployment insurance taxes;
- Washington State and local taxes;
  - Business and Occupation Tax;
  - Retail Sales Tax;
  - Use Tax;
  - Litter Tax;
  - State Payroll Taxes;
  - Workers' Compensation Insurance;
  - Unemployment insurance tax;
  - Property Tax including Open Space; and
  - purchasing goods without paying tax – Reseller Permit.

Federal Taxes

IRS Schedule F: Profit or Loss from Farming

Self-employed farmers report income and expenses from their farming business on the Internal Revenue Service (IRS) Form 1040 Schedule F. Schedule F is only for farmers who are considered sole proprietors. Farmers who operate their farming business through a corporation or other business entity must report income and expenses on the appropriate business tax form.

The key to preparing an accurate Schedule F is to keep excellent records of your income, crops, livestock, other assets, and various expenses. Using accounting software can be very helpful.

Farmers may receive income from many sources, but the most common source is the sale of livestock, produce, grains, and other products raised or bought for resale. The entire amount a farmer receives, including money and the fair market value of any property or services, is reported on Schedule F.

Bartering is another income source for farmers. Bartering occurs when farm products are traded for other farm products, property, someone else's labor or personal items. For example, if a farmer helps another farmer build a barn and receives a cow for his work, the recipient of the cow must report its fair market value as ordinary income. If the farmer uses this cow for business purposes, he may be able to claim depreciation over its useful life as well as deduct the expenses incurred for the cow. However, if the cow is for personal use, no depreciation or expenses for the cow would be deductible.

The ordinary and necessary costs of operating a farm for profit are deductible business expenses. These include farm labor and depreciation.

If a farmer pays his child to do farm work and a true employer-employee relationship exists, reasonable wages or other compensation paid to the child is deductible. The wages are included in the child's income, and the child will have to file an income tax return. To find these limits refer to Filing Requirements for Dependents in IRS Publication 501, Exemptions, Standard Deduction and Filing Information. These wages may also be subject to social security and Medicare taxes if the child is age 18 or older.

Farmers can depreciate most types of tangible property such as buildings, machinery, equipment, vehicles, certain livestock and furniture. The big exception is land; farms cannot deduct depreciation for land. Farmers can also depreciate certain intangible property, such as copyrights, patents, and computer software.

To be depreciable, the property must meet the criteria below:

- be property the farmer owns;
- be used in the farmer's business or income-producing activity; and
- have a useful life that extends substantially beyond the year placed in service as defined by the IRS.

Some expenses paid during the tax year may be partly personal and partly business. Examples include gasoline, oil, fuel, water, rent, electricity, telephone, automobile upkeep, repairs, insurance, interest and taxes. Farmers must allocate these expenses between their business and personal allocations. Generally, the personal part of these expenses is not deductible as a business expense.

For example, a farmer paid $1,500 for electricity during the tax year. She used one-third of the electricity for personal purposes and two-thirds for farming. Under these circumstances, two-thirds of the electricity expense, or $1,000, is deductible as a farm business expense. Records must be maintained to document the business portion of the expense.

Information about other deductible expenses and reporting requirements can be found in IRS Publication 225, Farmer's Tax Guide.

Self-Employment Tax

You are considered "self-employed" by the IRS if any of the following apply:

- you carry on a trade or business as a sole proprietor or an independent contractor;
- you are a member of a partnership that carries on a trade or business; and
- you are otherwise in business for yourself.

Self-employment tax (SE tax) is a Social Security and Medicare tax primarily for individuals who work for themselves. It is similar to the Social Security and Medicare taxes withheld from the pay of most wage earners.

You must pay SE tax and file Schedule SE (Form 1040) if your net earnings from self-employment were $400 or more.

The SE tax (your contribution to Social Security and Medicare) is 15.3 % x gross earnings. In addition, you must estimate your income taxes and make quarterly payments. Penalties apply for late and under payments.

Federal Payroll Taxes

If you have employees, you are required to pay both federal and state payroll taxes. See the section below for state payroll taxes. The federal payroll taxes are for Social Security and Medicare. Employees and employers share these taxes, with the employer deducting the employee share (one-half the total due) from wages/salaries, and the employer paying the other half.

Generally speaking, employers report payroll by calculating gross pay and various payroll deductions to arrive at net pay. While this seems simple enough to understand, calculating various payroll deductions requires that the person responsible for payroll be detail-oriented and work with extreme accuracy.

Payroll taxes must be withheld from an employee's paycheck and it is the employer's responsibility to pay these taxes to the IRS. This is required by law.

Payroll tax deductions include the following:

- Social Security tax withholding (6.2% up to the annual maximum);
- Medicare tax withholding (1.45%); and
- Federal income tax withholding (based on withholding tables in IRS Publication 15 and built into accounting software).

Unemployment Taxes

In addition, you are liable for Federal Unemployment Tax. The Federal Unemployment Tax Act (FUTA), with state unemployment systems, provides unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. FUTA is an employer only tax, meaning the employee is not responsible for any portion of this tax.

Washington State and Local Taxes

For complete information about Washington State taxes, you can refer to the Business Tax Guide published by the Washington State Department of Revenue (DOR) at: http://dor.wa.gov/Docs/Pubs/ExciseTax/FilTaxReturn/BusTaxGuide.pdf.

The DOR also produces the Agricultural Tax Guide highlighting all of the relevant taxes for different farm businesses at http://dor.wa.gov/Content/DoingBusiness/BusinessTypes/Industry/Agriculture/default.aspx.

Washington State does not have a corporate, unitary, or personal income tax. However, the majority of Washington businesses are subject to one or more of the following taxes:

- Business and Occupation Tax (B&O)
- Retail Sales Tax
- Use Tax

Complete information about these taxes can be found at: http://dor.wa.gov/content/doingbusiness.

Business and Occupation (B&O) Tax

The state Business and Occupation (B&O) tax is based on your gross business income. It is measured on the value of products, gross proceeds of sale, or gross income of the business. Washington's B&O tax is calculated on the gross income from activities. This means there are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business.

Farmers who sell wholesale products that they have grown on their farm qualify for a B&O tax exemption.

The B&O tax rate varies by classification. Once you know which classification your business fits into you can find the rate that corresponds to your classification on the list of B&O tax rates at http://dor.wa.gov/Content/FindTaxesAndRates/BAndOTax/BandOrates.aspx.

The B&O tax is reported and paid on the excise tax return or by electronic filing. If you are a new business, register with the Department of Revenue first. Once you are registered, you will receive information about filing.

Monthly returns are due on 25th of the following month; quarterly returns are due by the end of the month following the close of the quarter; and annual returns are due January 31st.

For complete information contact the Washington Department of Revenue at http://dor.wa.gov, or call (800) 647-7706.

Many municipalities levy an additional B&O tax on all business conducted within their jurisdiction. If you are making sales within a designated city you may be responsible for paying a Business and Occupation tax to that city. Check with the local taxing authority such as the Finance Department or Treasurer.

Retail Sales Tax

Retail sales tax is Washington's principal revenue source. Businesses making retail sales in Washington collect sales tax from their customer. Generally, a retail sale is the sale of tangible personal property. It is also the sale of services such as installation, repair, cleaning, altering, improving, construction, and decorating. Other services include improving real or personal property, amusement and recreational activities, lawn maintenance, and physical fitness activities.

Retail sales tax includes both the state and local components of the tax.

Sales tax amounts collected must be remitted to the Department of Revenue. The seller is liable to the Department of Revenue for sales tax, whether or not it is collected.

Sales of floral, nursery (includes plant starts), and prepared foods require collecting sales tax.

For a complete list of taxable goods and services contact the Washington Department of Revenue. Visit http://dor.wa.gov/content/FindTaxesAndRates/RetailSalesTax, or call (800) 647-7706.

Use Tax

Goods used in this state are subject to either sales or use tax, but not both. The use tax compensates when sales tax has not been paid.

Use tax is determined on the value of the goods when first used in Washington. Generally, this is the purchase price. However, a depreciated value may be determined if the goods are used outside the state for a lengthy time before use in Washington by the same person. For example, if a farmer buys a tractor in Oregon (where there is no sales tax), he or she must pay a use tax.

For complete information on tax rates and how to pay contact the Washington Department of Revenue. Visit http://dor.wa.gov/content/FindTaxesAndRates/UseTax, or call (800) 647-7706.

Litter Tax

The Litter Tax is a tax on manufacturers, wholesalers, and retailers of certain products which contribute to the litter problem in this state. There are thirteen categories of products subject to the litter tax including food for human or pet consumption, packaged groceries, and the use of glass, metal, or plastic containers and paper products.

The Litter Tax is reported on the excise tax return as a line item. The rate is 0.00015 of the taxable amount. The funds are used by Department of Ecology for a litter control program employing youth to clean up public places, and for public education and awareness programs relating to litter control and recycling.

For complete information on tax rates and how to pay contact the Washington Department of Revenue. Visit http://dor.wa.gov/content/FindTaxesAndRates/OtherTaxes/tax_litter.aspx, or call (800) 647-7706.

State Payroll Taxes

If your farm has employees, you are responsible for **state payroll taxes** in addition to the federal payroll taxes.

When you hire an individual as an employee (not an independent contractor) to work or perform a job for you, no matter how small the job is, you need to report that individual to the Employment Security Department (ESD). There is no minimum dollar or hour threshold that needs to be met before an individual is considered reportable as an employee.

Report and pay your state payroll taxes quarterly on the tax form that comes from ESD with your established base rate. A new rate notice is sent to employers annually.

For complete information contact the Washington Employment Securities Department at www.esd.wa.gov, or call (888) 836-1900 for general tax information and forms.

Workers' Compensation Insurance

Employers are required to pay workers' compensation premiums for employees. This tax assessment is based on the number of hours worked per particular work classification. This assessment is determined by a caseworker that is assigned to the employer when a tax number called a Unified Business Identifier (UBI) is issued with a Master License. Agricultural operations paying wages to family members over the age of 18 must pay into the Workers' Compensation Fund.

L&I rates are based on established claims history in the industry. A baseline is established for your business and you can manage the experience rating by belonging to a Retrospective Rating (Retro) group. Retro is an optional financial incentive program offered by L&I to help qualifying employers reduce their industrial insurance costs. An individual employer can control costs by maintaining a safe work environment and minimizing accident claims which results in a reduced experience factor, and lower premiums.

Employers can enroll on their own or in group plans sponsored by trade associations and/or professional organizations. The Washington State Farm Bureau is the Retro Trade Association for farmers in Washington. For details on their program, visit www.wsfb.com/employers/retro.

Employers may receive premium refunds or they may be assessed additional premium based on their performance. For complete information call 866-219-7321, or visit www.lni.wa.gov/ClaimsIns/Insurance/Reduce/Qualify/About/default.asp.

An employer's introduction to L&I can be found at: www.lni.wa.gov/Safety/TrainTools/Workshops/Available/EmpOrien.

Local workshops may be available from your local WorkSource or Economic Development office to learn more about taxes and state services, such as tax requirements for various types of businesses, how to report and pay state taxes properly, and requirements for reporting new employees.

Unemployment Insurance

Every business with employees in Washington State must register with the Employment Security Department (ESD) and file unemployment insurance taxes every quarter. To register your business, complete a Master Business Application. It establishes your account with the Departments of Labor & Industries and Revenue and with Employment Security.

For **existing businesses** that have expanded and you now have employees, you must register to begin paying unemployment-insurance taxes. To register, submit a new Master Business Application indicating that you have employees. Be sure to include the Unified Business Identifier (UBI) Number that you were originally assigned.

ESD has a video to help businesses plan for and pay their taxes that explains wage-reporting requirements for the departments of Employment Security, Revenue and Labor & Industries. For this video as well as an unemployment insurance online filing tool, and available payment options visit www.esd.wa.gov/uitax/taxreportsandrates/fileandpaytaxes/file-your-taxes.php.

For information about your tax rate, penalties, benefits claimed by a former employee, or to find your local tax office call the Washington Employer Help Line at (888) 836-1900 or visit www.esd.wa.gov.

Individual employers can control their costs by good record keeping and by responding to a "Notice of Claim". When a former employee files for unemployment benefits, for up to three years after their termination of employment with you, you will receive a "Notice of Claim". It is essential that you respond to these notices when you can document a 'voluntary quit' or 'discharge for misconduct'. By responding to these notices with a "request for relief of benefits charges" your experience rating will not be charged, and thus, you will pay a lower tax rate. Complete details at: www.esd.wa.gov/uitax/appeal/relief-of-benefit-charges.php.

Property Tax Including Open Space

There are two types of property taxes that farmers may be liable for: **real property tax** and **personal property tax**. If you own your land and buildings you will be assessed for **real property tax**. For questions about paying your property tax or your property valuation, please contact your local county assessor.

Most farm equipment, machinery and supplies are subject to **personal property tax**. An exemption or partial exemption may apply to some farm machinery and equipment. Contact your local assessor for exemption information. You may find DOR's Fact Sheet on Personal Property Tax useful: http://dor.wa.gov/docs/pubs/prop_tax/persprop.pdf.

The **Open Space Taxation Act**, enacted in 1970, allows property owners to have their open space, farm, agricultural, and timber lands valued at their current use rather than at their highest and best use. The Act states "it is in the best interest of the state to maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for the production of food, fiber, and forest crops and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens."

Applications may be made for open space classification at any time during the calendar year. Current use valuation assessment begins on January 1 in the year following the year the application was filed.

Application forms are available from the county assessor's office or by visiting the Department of Revenue's web site at http://dor.wa.gov.

Farmers should submit applications to the assessor in the county where the property is located. The city or county may charge a fee that covers the processing of the application. These fees vary from one jurisdiction to another.

For an informational overview on open space taxation and what properties qualify, visit http://dor.wa.gov/docs/Pubs/Prop_Tax/OpenSpace.pdf or call the Department of Revenue Taxpayer Assistance,

Property Tax Division at (360) 570-5900. For an excellent review of the open space tax, visit the Office of Farmland Preservation's Web site: http://ofp.scc.wa.gov.

Purchasing Goods without Paying Tax – Reseller Permits

Farmers registered with the Washington State Department of Revenue can **purchase certain goods without paying tax**. Qualifying purchases specifically exempted by law under RCW 82.04.050include:

- feed, seed, seedlings, fertilizer, pesticides and spray materials;
- items for resale; and
- agents for enhanced pollination including insects such as bees.

Reseller Permits are free (this is a new name and process that went into effect January 1, 2010). Effective January 1, 2010, resale certificates (the old name and process) are no longer valid. Farmers who purchase goods at wholesale will need to use one of the following:

- a Reseller Permit issued by the Department of Revenue
- a Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions

To use this certificate, you must be a farmer who produces an agricultural product for sale on land you own or have a present right of possession. You must provide a copy of the certificate in order to purchase these eligible items without paying sales tax. For detailed information see http://dor.wa.gov/Content/FindTaxesAndRates/RetailSalesTax/ResellerPermit/Farmers.aspx

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Recommended Fact Sheets: Labor, Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Insurance is often one of the most overlooked aspects of running a farm business. Knowing what to insure, what types of insurance are available, what policies cost, and what level of coverage you need to reduce risks on your farm can be a daunting task. However, insurance is one of the best ways to manage and reduce risk on your farm. It can help your business weather disruptions from natural disasters, accidents, and market devaluation. In some cases, insurance may be required by your lender or buyer.

This fact sheet provides information on:

- where to start;
- typical farm insurance; and
- group policies.

Where to Start

Identifying the real risks on your farm can help you figure out which insurance coverage you need. What are some worst case scenarios that could happen on your farm? Which of these are most likely to happen? One way to figure this out is by doing a SWOT analysis. This exercise asks you to write out and evaluate the Strengths, Weaknesses, Opportunities and Threats to your business. A case study and SWOT worksheet for farms is available at http://farm-risk-plans.usda.gov/pdf/swot_brochure_web.pdf.

Insurance coverage can be found for nearly any farm activity. Since the costs vary, it helps to shop around for the insurance that best suits your needs and matches your farm business plan. If your farming operation is very small, you may be able to simply add coverage to your homeowner's policy.

Once you have purchased a policy, remember to inform your agent anytime you make a change in your operation. Do not assume you will be covered for a new product or activity simply because it is a part of your operation or is similar to those for which you already have coverage. If an activity or product is not spelled out specifically in your policy, you are probably not covered.

Typical Farm Insurance

Premise liability insurance covers the farm in the event of accident or physical injury to anyone visiting the farm. Product liability insurance provides coverage against injury or illness resulting from ingesting your farm products.

An endorsement also known as a rider, addendum, or attachment is a written document attached to an insurance policy that modifies the policy by changing the coverage of the policy. An endorsement can add coverage for acts or things that are not covered as a part of the original policy and can be added at the inception of the policy or later during the term of the policy.

An endorsement is simply the specific coverage that an underwriter has agreed to cover with a specified limit of liability, usually an amount greater than the insured's collective assets.

If your farm has a roadside stand, you may be able to include this in your farm policy whether or not it is on your property, but you must clarify this with your agent.

Limited Liability
Limited liability coverage is for products that your customers are ingesting. The recommended amount of coverage for property and liability is based on the farm's net worth and five years of earnings.

Commercial General Liability
Commercial general liability policies combine liability insurance with property insurance. This might meet the needs of farms that process foods, sell flowers, non-edibles, or have the public on the farm. This policy

can have an "event endorsement" that will cover any injuries or mishaps that occur when you invite the public onto your farm. Activities such as on-farm stands, U-Pick crops, farm tours, or other agritourism related events should all be well defined within your coverage.

There are few exceptions to this. When landowners invite the public, free of charge, onto their land "for the purpose of outdoor recreation (specifically defined);" the landowner is not responsible for unintentional injuries incurred by the users (RCW 4.24.210). However, this law does not apply if a person is charged to enter or make use of the land.

Crop insurance
Crop insurance provides protection for a particular crop or to cover any losses due to crop failure or in some cases, market failure. The USDA Risk Management Agency (RMA) offers a range of crop insurance programs through private companies. They can be found online at www.rma.usda.gov/policies, or by calling the Spokane regional office at (509) 228-6320, or email warso@rma.usda.gov.

To calculate your crop insurance premium online, RMA has a premium calculator available at www.rma.usda.gov/tools.

AGR-Lite
Probably most suited to diversified, small farms is the new crop insurance program called Adjusted Gross Revenue Lite (AGR-Lite) created by RMA in 2004. This program covers revenue losses due to natural disaster or market downturns for the entire operation based on an average derived from your IRS schedule F reported income.

For information about federal crop insurance or AGR-Lite, please contact an insurance agent familiar with this program. For a list of insurance agents in the state visit the Insurance Provider Directory from the USDA Risk Management Agency at: www.rma.usda.gov/tools/agent.html.

RMA also offers help with risk management more generally. To get started, please see:

> **Introduction to Risk Management Brochure** available online at www.rma.usda.gov/pubs/1997/riskmgmt.pdf
>
> "**Building a Risk Management Plan"** available online at www.rma.usda.gov/pubs/1998/barmp

Group Policies

Groups of producers or businesses that are engaged in the same enterprise may want to seek a **group policy**. Group policies can often be negotiated at a more economical rate so the cost is lower to each person insured. For example, the Washington State Farmers Market Association provides a group policy for its member markets. This policy covers accidents in which the market is negligent, which cause injury to customers, vendors or employees of the market, which cause damage to the property where the market is held, or a customer's property. This group policy does not cover individual vendors for product liability or other instances where the vendor is liable.

Recommended Fact Sheets: Labor, Licensing, Taxes

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Labor laws can be a challenge to understand, especially given the seasonal and familial nature of farm work. The following information and regulations are for every classification of worker you might have on your farm. As an employer, farms have legal responsibilities when hiring employees, interns, apprentices and volunteers.

In this fact sheet, you will find information on:

- managing people;
- labor laws for employees;
  - Employer Identification Number (EIN);
  - minimum wage;
  - hiring young workers;
  - hiring family;
  - Labor and Industries requirements;
  - providing a safe workplace for your employees;
  - payroll taxes;
- labor laws for interns;
- labor laws for apprentices; and
- labor laws for volunteers.

Managing People

For any size of business or farm, it is a good idea to have a plan for managing employees, volunteers, interns, and even other family members. Although there may be implicit roles built up over a lifetime of working together, creating a more formalized management plan becomes increasingly useful when new people are added to the farm business.

Management plans build understanding about why and how decisions are made, and clarify exactly what each person's responsibilities will be on the farm. By sharing ownership in the outcomes, employees are better able to understand the big picture and focus on the right priorities. Formal management plans and employee manuals may also help in securing funding, abiding by legal requirements with employees, and improving on-farm safety.

There are many ways to approach how to manage everyone working on or with your farm. If you are just getting started, there are seven key processes to focus on:

- create written job descriptions and an overall plan for how each job fits into the whole;
- create clear hiring protocols;
- provide an orientation to your farm and the job as well as ongoing training (informal and formal);
- develop clear employer/employee communication, including a written grievance policy;
- schedule times to review job goals and performance;
- clarify compensation and check related laws; and
- schedule times to review your management plan to keep it updated and relevant.

Managing people is a real skill and can be real work. However, having a productive team and avoiding personnel tension and even possible legal issues is a real benefit in the long run.

Labor Laws for Employees

An employee is generally someone for whom an employer determines their work schedule, hours, and job responsibilities.

In order to have employees, you must follow these legal requirements:

- have an Employer Identification Number (EIN);
- pay wages;
- pay Washington State Labor and Industries premium for workers compensation insurance that covers on the job injuries;
- provide a safe workplace for your employees; and
- file payroll tax forms and make payments.

The Department of Labor & Industries (L&I) has developed an Agricultural Employer Worksheet to help you know whether you are following state Agricultural Employment Standards and the Minimum Wage Act when you employ workers. It is available at www.lni.wa.gov/Forms/pdf/700125af.pdf.

For each new hire, employers need to have employees complete an Employment Eligibility Verification, Form I-9, from the Department of Homeland Security U.S. Citizenship and Immigration Services. Employees must also complete an IRS Employees Withholding Allowance Certificate, Form W-4. Employers must collect these, and keep them in each employee's file.

Washington State requires all employers to report new hires and rehires to the Department of Social and Health Services (DSHS). The New or Rehired Employees Form and methods for reporting can be found at www.dshs.wa.gov/pdf/esa/dcs/18-463.pdf.

Employer Identification Number (EIN)

Any business that hires employees must obtain a federal Employer Identification Number (EIN), also known as a Federal Tax Identification Number by filing Form SS-4 or applying online with the Internal Revenue Service (IRS). An EIN is a nine-digit number that IRS assigns in the following format: XX-XXXXXXX. It is used to identify the tax accounts of employers. Businesses that are not sole proprietorships are also required to have an EIN.

The federal identification number assigned to your business will be registered with the IRS, the Social Security Administration, and the US Department of Labor. While most applications take four weeks to process, if you apply online, most businesses will receive a number immediately.

Contact the IRS for more information such as help documents and videos, to apply online or to obtain an SS-4 form by visiting www.irs.gov, or calling (800) 829-3676.

Minimum Wage

Employers are required to pay the state minimum wage to workers age 16 and older. Minimum wage is set annually by the Washington Department of Labor and Industries. The current minimum wage can be found online at www.lni.wa.gov/workplacerights/wages/minimum.

There are three exemptions to the state minimum wage for agricultural workers. They only apply if all three of the following requirements are met:

1. Workers are employed as hand-harvest laborers who are paid piece rate; and
2. They commute daily from their permanent residence to the farm; and
3. They were employed in agriculture less than 13 weeks during the preceding calendar year.

Hiring Young Workers

Workers under the age of 16 must be paid at least 85% of the state minimum wage. For a complete fact sheet showing employer requirements for hiring young workers ages 14 to 18 in agriculture such as the Minor Work Permit Endorsement, visit www.lni.wa.gov/IPUB/700-096-909.pdf.

Children 12 and 13 years old are allowed to work only during non-school weeks and only for hand-harvesting berries, bulbs, cucumbers, and hand-cultivating spinach. Also, certain duties listed in the Minor Work Permit Endorsement are considered dangerous and prohibited for minors in agriculture.

Hiring Family

If you have relatives, including children, who work for you, they must be treated as employees with the same rights as any other paid worker in the state of Washington. This applies to anyone you expect to show up for work at a certain time. These requirements do not include family members who share ownership of a business, or children under the age of 18 who work on a farm owned by their parents. Children between ages 18 and 21 must be covered by workers' compensation unless an application for exclusion is filed by the parents. At age 21, workers' compensation coverage is mandatory. The Application for Exclusion/Inclusion of Mandatory Coverage form is available at your local Labor and Industries office. The family farm may be a sole proprietorship, partnership or corporation so long as the controlling interest is with the family.

For a complete fact sheet showing employer requirements for hiring family members visit www.lni.wa.gov/IPUB/101-077-909.pdf

Labor and Industries Requirements

L&I requires certain workplace posters to be posted for employees. A list of workplace posters required and recommended by L&I, other Washington State and federal agencies is available at www.lni.wa.gov/IPUB/101-054-000.pdf. All posters are free and available in both English and Spanish. Be aware that private companies will try to sell these to you.

L&I requires that employers maintain records of employees for three years. Records must include: employee name and address, occupation and L&I job classification, dates of employment, amount paid each pay period, wage rate or rates of pay, and total hours worked each pay period, and termination date and cause. These records are subject to audit.

L&I conducts workshops around the state designed for new businesses or businesses that plan to hire workers for the first time. It explains an employer's rights and responsibilities and provides an overview of the services and resources available at Labor and Industries. It also covers workplace safety and health requirements, claims management strategies, risk management, quarterly reporting requirements and wage-and-hour laws. For complete information, please visit L&I online at www.lni.wa.gov or call (800) 574-2829.

L&I also has a webpage that leads new businesses or new employers through all of the needed information and steps at www.lni.wa.gov/Main/RunBusiness.asp or download the form available online called the **Farm Labor Employer Packet** at www.lni.wa.gov, or call the Washington State Department of Labor and Industries Employer Help Line at (360) 902-5316.

Providing a Safe Workplace for Your Employees

As an agricultural employer with one or more employees you are responsible for following guidelines and statutory requirements in order to maintain a safe workplace. There are specific workplace standards and reporting provisions with which an employer must comply. Details can be found on the L&I website under several different headings pertaining to on the job safety.

You may want to request a safety and health consultation from L&I. A consultant, not an inspector, will meet with you and conduct a walkthrough survey of your worksite to identify hazards and recommend remedies. You must correct in a timely manner any serious hazards found during the consultation, but the consultant will not issue a citation or fine you.

To request a free consultation, visit www.SafetyConsultants.Lni.wa.gov or call the L&I office nearest you and ask to speak to the Consultation Manager. In addition to safety and industrial hygiene consultations, specialists in ergonomics and risk management are available to assist employers as well.

To learn about the safety standards for agriculture and resources available for employee safety and health trainings visit www.lni.wa.gov/safety/topics/atoz/default.asp?KWID=353. The WISHA rules are available in English or Spanish, through the L&I website at www.lni.wa.gov/WISHA/Rules/agriculture/default.htm.

Payroll Taxes

Employers are required to withhold federal income, Social Security and Medicare taxes from employees' wages. Employers are also required to pay worker's compensation and state unemployment insurance. For more information, on your payroll responsibilities please see the Fact Sheet on Taxes.

Labor Laws for Interns

An intern must be registered in an internship program at an accredited educational institution such as a college, community college, or university where a student pays the school and receives academic credit.

An internship allows an employer to be exempt from:

- paying wages; and
- paying unemployment insurance tax through state Employment Securities (ESD) and federal (FUTA).

An internship still requires that an employer:

- provide a safe workplace.

Washington Labor and Industries premium for workers compensation insurance that covers on the job injuries can be paid by the educational institution sponsoring the internship.

Labor Laws for Apprentices

The term "apprentice" is an employment classification with a formal structure set by federal and state law. The business employing the apprentice designs a personalized program that must be proposed to and approved by the Washington State Apprenticeship Council (a division of L&I).

In order to have apprentices, you must follow these legal requirements:

- Have an Employer's Identification Number (EIN);
- Pay at least minimum wage with raises based upon demonstrated competencies;
- Pay Washington Labor and Industries premium for workers compensation insurance that covers on the job injuries;
- Pay Unemployment insurance tax through state Employment Securities(ESD) and federal (FUTA);
- Provide a safe workplace for your employees; and
- Provide 144 hours of pre-planned instructional time per year.

While there is no cost to register an apprenticeship program, it does take time. Plan for three to six months to create, register and approve an apprenticeship program.

The employer benefits from apprentices by building long-term labor support and training someone from the beginning with their knowledge and techniques. As a Washington State registered apprentice, an apprentice will receive a 50% tuition waiver at a Washington State community or technical college.

To create an apprenticeship program you will need to be either a farm, group of farms or trade organization.

Registered apprenticeship programs start with the formation of an apprenticeship committee. Committees develop program guidelines that include:

- Criteria for becoming an apprentice
- Skill and proficiency requirements to reach journey worker/professional level
- Number of apprenticeship openings
- Wage rates and progressions based upon demonstrated competencies
- Required course curriculum to complement on-the-job training
- Supervision methods
- Equal opportunity procedures

For a fact sheet on full apprenticeship requirements visit www.lni.wa.gov/TradesLicensing/Apprenticeship/files/pubs/RegisteredApprenticeshipemployerfactsheet.pdf. Or for a local apprenticeship consultant go to: www.lni.wa.gov/TradesLicensing/Apprenticeship/About/AppCoordinators/default.asp, or call (360) 902-5320.

Labor Laws for Volunteers

According to L&I rules, volunteers are not allowed in a "for-profit" business.

Employers must follow all state employee guidelines for people seeking to trade, barter or volunteer on their farm. Arranging for volunteer agricultural workers through established exchange programs does not exempt an employer from these requirements.

There are only two programs through L&I for volunteers that are not required to meet all other state employee guidelines. One is the Sports Teams and Youth Workers program and the other more applicable to farms is the K-12 Student Volunteers program for which information can be found at http://lni.wa.gov/FormPub/Detail.asp?DocID=1560. This can apply to 4-H projects.

For complete information about employment standards and workplace rights, contact L&I at (866) 219-7321.

Recommended Fact Sheet: Taxes

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Direct Marketing Strategies

Small Farm & Direct Marketing Handbook

Regulations and Strategies for Farm Businesses in Washington State

WSDA
WASHINGTON STATE
DEPARTMENT OF AGRICULTURE

Direct marketing is one of many ways to make your farm a financial success. The goal is to sell to the end consumer, people who eat or use what you produce. Typical direct marketing strategies include selling from your farm, farm stand, U-pick, Internet/mail-order sales or through a farmers market, Community Supported Agriculture (CSA) and even selling directly to restaurants, hospitals, grocery stores and schools.

According to the 2007 Census of Agriculture, 13.8% of Washington farms do some form of direct marketing. This is over twice the rate for the United States as a whole. In 2009, Washington State has more than 140 farmers markets with reported 2008 sales of $58 million (including crafts and prepared foods). We also have over 500 farm stands and over 200 CSA farms. As the natural, organic and local food movements grow, more independent grocery stores, food co-ops and restaurants are interested in featuring Washington farms.

Direct marketing is not just for small farms. Even larger farms that primarily sell to commodity markets, processors, or packing houses, can benefit by diversifying their markets and selling some product directly.

This fact includes:

- why do direct marketing;
- overview of direct marketing strategies;
- getting started;
- knowing your market;
- customer lists;
- consumer education about farming and products;
- farm listings and farm maps; and
- social networking as a marketing tool.

Why Do Direct Marketing?

Direct marketing may not be for everyone. It can be very labor and time intensive. It can also be socially demanding and may not fit your product mix. Cash flow can be uncertain. However, there are several reasons to consider direct marketing:

- direct marketing allows you to set the price of products;
- products are sold closer to retail prices, capturing more of the “food dollar” or overall value;
- regular sales increase liquidity and regular cash flow;
- most products do not need to be sized or graded and can be sold in small quantities;
- customers give you feedback on your products and may generate ideas for new ones; and
- customers get to know you and may develop loyalties to your farm.

Direct marketing is also a means of diversifying your markets by having more than one outlet for sales and helping you to manage your farm’s overall market risk.

Overview of Direct Marketing Strategies

Three common direct marketing strategies are selling direct to the consumer, to retail operations, and to institutions. Marketing directly to the consumer includes selling at farmers markets, on-farm stands, U-pick, Community Supported Agriculture (CSA), Internet and mail order, and agri-culinary tourism. By developing their own relationship, farmers are able to bypass middlemen to sell directly to restaurants, grocery stores, co-ops and other retail operations. Institutional sales involve selling and delivering directly to institutions such as schools, hospitals, rest homes, correctional facilities and corporate campus with cafeterias. Each of these strategies is discussed in detail in its own fact sheet.

WSDA has a new Farm to School Program to support farmers interested in selling to schools and institutions. Visit http://agr.wa.gov/marketing/farmtoschool, email FarmtoSchool@agr.wa.gov, or call (206) 256-6150.

Getting Started

Direct marketing starts with a solid marketing plan that is driven by your farm goals. It also relies on good information about production costs, supply and demand, what prices people are paying, what sizes they want, how frequently they would buy it, how much cash flow you need, and regulations for direct marketing. This can be a real challenge as direct marketing does not have economic institutions dedicated to tracking this information like the commodity markets. Local farmers market managers, your customers and other farmers can be your best sources of information.

Direct marketing also draws heavily on specific skills and interests. On the production end, farms that direct market often manage a diverse range of products throughout the season, each with its own needs and timing. Direct marketing also tends to be highly social and can require a significant amount of time talking with customers and traveling to markets. Communicating with your customers is extremely important in direct marketing, so be sure your marketing plans include the costs of business cards, market signage, newsletters, Web sites, farm map listings, and additional advertising.

WSU's Cultivating Success and Ag Entrepreneurship courses help you develop a marketing plan. ATTRA offers a wealth of marketing materials online (www.attra.ncat.org) and will send them to you free if you call (800)346-9140. Also see the "Getting Connected" fact sheet.

Knowing Your Market

Market research on consumer trends in the "sustainability" or "natural" customer segments has shown that people are looking for "authenticity" and "trust' in their food. There is an actual market segment called "Lifestyles of Health and Sustainability" or LOHAS that focuses on health and fitness, the environment, personal development, sustainable living, and social justice (see www.lohas.com) that may be a good fit with your product mix. The Hartman Group, located in Bellevue, does market research on sustainability, health, natural, and green niches. Visit their website for more resources including free newsletters and webinars on market trends: www.hartman-group.com.

Customers may want to know about your growing practices, what varieties you grow, where you get your seeds or starts, when you will be at the market, when products will be ripe, if you could custom grow a product, if you have seconds or bulk discounts, what forms of payment you take, and what recipes you recommend. It can be personal: seeking the "story" of your farm, your family history, how long you have been farming, how you got started, what your animals names are, and if they can come and visit. Answering customers' questions helps build relationships. It is helpful to build this time and effort into your overall plans. And remember that relationships are two-way. These conversations can be built into your "market research" to get honest feedback on your products and ideas.

Customer Lists

Perhaps the single most important marketing tool direct marketers have is one they create themselves: their customer list. Knowing who your customers are and knowing how to reach them is a tremendous asset, especially in a field where relationships are prized. You can target your marketing efforts, create "special offers," or send out seasonal updates. To start, you will want to collect your customers' names, addresses, phone numbers and email addresses. You can build from there. To do this you will need some way to collect and keep track of this information. It could be as simple as a clipboard and 3x5 index cards. It could be with an Excel spreadsheet or database. The key is to do it, do your best to keep it up to date, and then use it to communicate with the people

who already like your farm and products. Electronic and online services can be useful for managing contacts and communicating with customers. Some are free and some require subscriptions.

Consumer Education about Farming and Products

Fortunately, Washington State has a strong network of small farm advocates and organizations that are dedicated to educating the public about our food system, the merits of local foods, nutrition education, and the community and environmental value of local farms. Through their publications several organizations put together these values as reasons for customers to buy locally grown food. Many organizations feature local farms to help highlight these points and "put a face back on food." In addition, many communities have organized "buy local" campaigns which generate materials to educate the public and promote local products.

Farm Listings and Farm Maps

Adding your farm to local farm listings and farm maps helps customers find you. Many print and online farm maps are available in Washington. Some are free and some charge a fee. "Local Harvest" website is free and searchable by zip code. WSU has a farm finder on the Small Farms Program Web site. The "Puget Sound Fresh" guide is published annually and is one of the largest farm directories in the state. Tilth Producers also publishes an annual directory. There are also active farm maps in many counties. Try contacting your local farmers market manager, co-op store, extension office, county agricultural program, local farm organization or Chamber of Commerce to find out how to get listed.

Social Networking as a Marketing Tool

The Internet can be an efficient marketing tool for promoting your farm and direct marketing your farm products. From "tweeting" to "You Tube," the array of Internet communications options can be daunting even for tech-savvy businesses. With today's technology, many of your customers will search the Web to learn more about your farm. So it makes sense to consider creating a Web site even if it is very simple. A few photos with your contact information can be enough to start your Web site. Some farms find it easier to start with a "blog." A blog is like a Web site, but its content is more like a journal with regular updates and entries organized by date. Foodies, farms and farmers markets all have created blogs to share what they do.

Social networking through sites like Facebook is another popular option. Facebook enables you to set up a free Web site, add photos and interests, and then invite other people ("friends") to join your site. The effect is to connect to an endless number of people with similar interests, geography or other criteria. Every time you update your Facebook page, they are sent emails to alert them to new information. Social networking tools can be creatively applied to your farm, alerting customers about new products, promotions or daily life on the farm.

Recommended Fact Sheets: Getting Connected, Selling to Consumers, Selling to Restaurants and Grocery, Selling to Institutions.

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Farmers interested in selling directly to consumers have many strong options in Washington State. Direct marketing strategies require the farmer to think about all aspects of marketing such as displays, signage and informational materials, and how to create eye appeal to attract shoppers. Six of the most viable direct marketing options are summarized in this fact sheet. Benefits and challenges are listed for each of these options.

This fact sheet includes:

- farmers markets;
- farm stands;
- U-Pick;
- Community Supported Agriculture (CSA);
- Internet sales and mail order; and
- agri-culinary tourism.

We would like to thank Karen Kinney for reviewing this fact sheet and offering helpful suggestions.

Farmers Markets

Farmers markets may be a fantastic place to start marketing your products. With more than 140 farmers markets in Washington, they are often very accessible. For a small fee, producers buy space to market their goods at a market that is well-advertised to consumers. Most markets are run by a manager and are accountable to a board of directors. Vendors often have an opportunity to be part of the board.

Presentation, booth design, and signage are important in attracting customers. Offering samples to customers at farmers markets can be a key step to selling your delicious products. Sampling regulations fall under local health department guidelines and may require a food handler permit. Many markets offer special events such as chef demos to help promote product sales.

Benefits of Selling at Farmers Markets

- Farmers markets are unbeatable for customer feedback on your products.
- A good place to test new products, get feedback and get new ideas.
- Often well-attended, they can offer very high volume sales.
- You can develop a loyal customer base.
- Opportunity to become known to the public and media and expand your business.

Challenges of Selling at Farmers Markets

- Picking the right market that matches your products, growing season, and volume is critical.
- Takes you away from the farm for hours or days at a time; incurring opportunity costs.
- May have to travel some distance for maximum sales.
- There are no guaranteed sales; bad weather or competing events may keep customers away.
- It may be difficult to access space in well established markets.

To find a directory of farmers markets, contact the Washington State Farmers Market Association at www.wafarmersmarkets.com, email info@wafarmersmarkets.com, or call (206) 706-5198.

WSDA has created the **Washington State Farmers Market Manual** to help existing markets run better, and new markets begin. It is available online at www.agr.wa.gov/Marketing/SmallFarm/docs/FMM1.pdf.

The Governor proclaims Washington State Farmers Market Week for the first week of August to celebrate Washington farmers and farmers markets. Many markets hold special events for customers during that week.

Farm Stands

Farm stands can be on your farm or by a roadside and can be as basic as the bed of a pick-up truck full of melons or a seasonal shed full of apples. Farm stands can be as elaborate as a year-round, air-conditioned store with refrigerators, freezers and prepared foods. Farm stands can be unstaffed, honor pay systems, or staffed. The system you choose will have a direct connection on the cost of the product you sell. Farmers selling on-farm should factor in the savings from not having to deliver the goods. As staffing costs can hinder a farm stand's viability, consider being open only when there is regular demand. Advertise well, and follow any local zoning regulations for signage, so that passersby see that you are open and have time to stop safely.

Benefits of Selling at Farm Stands

- Allows for flexibility because you control the market, days and times open; can be very effective as a seasonal outlet.
- Opportunity to sell a single product or a variety of products.
- Good opportunity to sell odd shapes and sizes, and seconds.
- No sizing or grading needed.
- Limited packaging, labeling, and transportation required.

Challenges of Selling at Farm Stands

- May take you away from your farm tasks or be expensive to staff.
- Sales can be unpredictable with traffic flow.
- May have increased insurance liability as people come on to your farm.
- Possible zoning, building permit, or other licensing requirements.
- Adequate storage or refrigeration may be needed to maintain quality product.

U-Pick

In Washington, U-Pick is an option primarily for flower, tree fruit, berry, pumpkin, and Christmas tree growers. U-Pick farms should be aware of the liability risk of having consumers come onto the farm. It is a good idea to research liability insurance and waivers before opening to the public. Be sure to offer a clean site for visitors with parking, restroom facilities, and rules, container options and prices outlined clearly to ensure the best experience. U-Pick farms can be a community meeting place and they are also a great family activity. U-Pick farms have tourism appeal, too. Consider advertising your U-Pick farm with roadside signage, farm map listings, or the Washington State Tourism website found at www.experiencewa.com.

Benefits of Selling U-Pick

- Allows for flexibility because you control the market, days and times open; can be very effective as a seasonal outlet.
- Opportunity to market a single seasonal crop.
- Keeps packaging, labeling, transportation, and harvesting costs to a minimum.
- Potential to develop a loyal customer base that returns year after year.
- Potential to market additional farm products to local and visiting U-Pick customers.

Challenges of Selling U-Pick

- Increases your risk as people come onto your farm and liability insurance may be difficult to find or costly.
- May incur damage or lose some product in fields or farm from customers.
- A location far from a population base or urban area can limit customer access.
- Advertising is crucial; your website and marketing information must be accurate and up to date so that customers get correct information, including the current status of your crop.
- Staffing for managing the operation.

Community Supported Agriculture (CSA)

A CSA is an agreement between a farmer and a customer. The farmer provides their customers with a share of the harvest for a fixed period of time. Farmers can design their CSA so that customers pay in advance or in installments for a weekly box or bag of farm products. Since members of the CSA pay in advance, it provides working capital directly to the farm. Many summer CSAs offer produce throughout the growing season and cover 18 to 24 weeks. In addition, Washington farmers are also using CSAs to market their grains, cheeses, eggs, meat, fiber and produce year-round, as well as value-added products.

Most CSAs include a weekly newsletter of farm happenings, a list of what's in the box, and recipes for items in the box. CSAs advertise by word of mouth, brochures, and web sites to solicit customers. CSAs utilize more of a grassroots marketing venue as members often host pick up sites where farmers drop a group of customers' boxes at one location. Many CSAs offer pick-up at the farm.

In Wenatchee, Farmhouse Table CSA buys products from numerous local farms and puts them together in order to create the variety desired by CSA customers. In Clark County, there are more than twenty CSA farms operating on five acres or less. See www.swwa-csafarms.com.

Benefits of Selling through CSAs

- Pre- sales allow you to plan production and have a secure market for your harvest.
- You set the prices and choose quantities to put in the box.
- An excellent CSA builds a loyal customer base.
- Provides an opportunity to educate CSA members about new varieties and products.
- Does not require individual packaging, grading/sizing, and minimizes transportation.

Challenges of Selling through CSAs

- Requires a complex crop mix and production plan to be able to deliver consistent, quality products every week.
- Farms must dedicate time to responding to individual customers' needs, complaints, and praises.
- It takes time to manage and write the weekly newsletter and/or recipes, and a willingness to share personal stories.
- A high turn over of CSA customers can increase marketing costs.
- Farms need to arrange and manage pick up locations.

Internet Sales and Mail Order

Internet sales and mail order are a valuable way to reach customers throughout the U.S. with unique, seasonal, and value-added products. Many Internet sales items work well as gifts, treats for self, or hard to find, specialty items. Value-added food products that you ship are required to be processed in a licensed WSDA Food Processing Facility. Accepting online payment is important for this market.

Blue Bird Grain Farm offers Internet sales of their products such as a monthly CSA of grains, and gift baskets. See http://shop.bluebirdgrainfarms.com.

Benefits of Selling through Internet and Mail Order

- Mail order can be cost-effective for smaller deliveries and keeps the farmer on-farm and off delivery routes.
- Reaches a larger customer base, especially if farm is not located close to a large population base.
- Can link and be linked to other websites of like minded groups to access more customers.

Challenges of Selling through Internet and Mail Order

- Need to communicate well with your customers by going the extra mile and including package inserts, email confirmations, or phone follow-ups.
- A reliable, user-friendly website is essential to online sales.
- Getting frequent return sales may be difficult. Think of ways to provide high value and make your product special.
- Can be difficult to establish your web presence without other forms of direct selling to help publicize your name and products.

Agri-Culinary Tourism

Agri-culinary tourism can boost your revenue by offering an on-farm educational, dining, lodging, or cooking experience to consumers. With culinary tourism and interest in local food and farms on the rise, think about what you can offer the eco or agri-tourist who seeks an authentic farm experience. Whether a school field trip, cheese-making, beverage and food pairings and tastings, a cooking class, or guided harvesting, composting and seed-saving classes, and even wool carding, many options exist that appeal to consumers. It helps to advertise well and get non-refundable deposits for classes. Be sure to charge for your planning and class or tour time. Consider working with a local chef for classes on your farm or at their restaurant. Local regulations, permits, land use and building codes can make the start up time and monetary costs very expensive. Make sure to check with your local government permit departments to find out what is required very early in the planning process.

Benefits of Agri-Culinary Tourism

- Can diversify farm revenue and supply income in the slow season.
- You set the prices and choose the number of people to allow in activities.
- Offers an opportunity to sell other products once people are on your farm.
- You can build a loyal customer base that appreciates your uniqueness and grows your business.

Challenges of Agri-Culinary Tourism

- It can be stressful dealing with the public on your farm, especially if there are logistics problems.
- Requires a significant amount of time to create, plan and manage programs.
- May need to incorporate time for educating about the realities of farm.
- Additional insurance and permits may be required.

Recommended Fact Sheets: Food Processing, Insurance, Labor

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

There is a second category of direct marketing in which a farmer sells directly to retail operations such as restaurants and grocery stores. While restaurants, and grocery stores are not considered "consumers," information about sales directly to these types of venues are included in this handbook. These strategies describe marketing in which farmers personally sell their products to a retail operation, avoiding the use of a broker or a wholesaler and increasing their own revenue potential.

This fact covers:

- selling to restaurants; and
- selling to grocery stores.

Selling to Restaurants

Restaurants and caterers can be a great place to sell products that are high quality, interesting, or unusual. Washington State has many innovative chefs looking for unique products that they can incorporate into outstanding meals.

While many caterers offer only a limited number of pre-planned menu options, specialty caterers provide an excellent opportunity for farmers to sell products and form custom grower relationships. Many caterers will do forward contracting with producers for significant quantities of specialty crops and flowers at premium prices.

For restaurants, small, independent ones in your community are the best place to start. There are roughly 12,500 restaurants in Washington according to the Washington Restaurant Association. A good percentage of these are independently owned and operated. Seattle Chefs Collaborative members run numerous restaurants and food service operations and more than 100 buyers networked with small farms to purchase products at the 2009 Farmer Chef Connection Conference.

While most chain restaurants depend solely on large distributors and have standard menus that depend on regular deliveries of a limited number of fresh ingredients, the opportunity to provide for the needs of an independent restaurateur are much greater. Seek out those establishments that offer daily or weekly specials or seasonal menus to increase the likelihood of finding a good partner. A chef that values the benefits of local sourcing and is willing to take the extra steps to develop a relationship with the farmer is the best guarantee of success. However, the producer must understand their responsibilities in this association. Whether providing a single ingredient for a special event or supplying a vast array of produce for the menu, the grower needs to understand the interdependence of supply and expectations in the kitchen.

If there is a more challenging business than farming with the whims of weather, crop and market uncertainties, disease, and pests, then it is definitely the restaurant trade. A strong partnership is enhanced when the farmer tends toward "under promising and over delivering." When a chef has certain expectations and a dining room filled with anxious diners, you do not want to be the cause for added stress. Quality and consistency are the keys to success.

Chefs are best approached in the morning by calling ahead and making an appointment. Do not call at meal times. At your appointment take samples for the chef and be sure to share what products you have available, how long you will have it, and the quantity, timing, and price. Developing a spreadsheet or list of the products you will have throughout a year and highlighting what you have fresh each week are also valuable communication tools.

Chefs will often be interested in your growing practices and the story of your farm and may highlight these on their menu. Growers that have unusual products and products that are available early or late in the season or through the winter may find restaurants a good, strong market. Restaurants typically utilize smaller quantities than a grocery store.

Farmers selling to restaurants will need to establish good bookkeeping systems that include clear invoicing and accounts receivable. Most restaurants will not pay on delivery and may pay monthly. It is important to keep track of deliveries and always be sure to get a signed invoice in duplicate. File one copy for yourself.

Benefits of Selling Directly to Restaurants

- Great market for smaller quantities of high quality items.
- Creates an opportunity to build a strong relationship between the farm and chef.
- Farm may be highlighted on the menu and in the media.
- Higher price point is often available.
- Can take non-standard sizes and products may not have to be graded.

Challenges of Selling Directly to Restaurants

- Farms need to be in constant communication with restaurants which can take a lot of time.
- It may be difficult to match delivery times with restaurant needs.
- Farm must deliver high quality product every time.
- Farm may not be able to sell enough quantity to make it work.
- Must be able to have clear invoicing and detailed accounting.

The annual Farmer Fisher-Chef Connection Conference hosted by the Seattle Chefs Collaborative brings together regional food producers and buyers for business-to-business networking, presentations and workshops. The conference is typically held in February or March in Seattle. Please see: www.seattle.chefscollaborative.org.

Selling to Grocery Stores

Grocery stores come in all sizes: from the very small with one store or co-op, to regional chains with a few stores, to the national chains with hundreds of stores. Specialty food stores, natural food stores, co-ops, or full service grocers on a neighborhood scale are often independent and will have more flexibility to work directly with farms.

Small stores can be a great place to start with grocery sales. As they work with you, they may offer feedback and support. Larger grocery retail may be a better fit for medium sized farms and orchards.

Washington has twenty-one food co-ops according to the National Co-op Directory at www.coopdirectory.org and more than 500 independent grocers according to the Washington Food Industry. In fact, Washington ranks # 2 in the United States for the greatest number of independent grocers. These stores may buy anywhere from one case to multiple pallets of product from farmers.

To find a buyer in a grocery store, you can call ahead or visit the department and ask for a buyer. Setting up an appointment is recommended.

As with restaurants, having high quality products and delivering what you said you would when you said you would are imperative for a successful relationship with a grocery buyer.

Be sure to share your product samples, a product list for the full season, and pricing with the grocery store. It is also good to bring your business license, and any other certifications you might have such as Organic Certification or Good Agricultural Practices (GAP) certificate.

Grocery stores can offer you higher volume sales, and generally require deliveries in boxes that are labeled with your farm name, and product description. The product description should include the product's quantity if bunched and sold by the each, or weight if bulk and sold by the pound. Ask the buyer what sort of packaging or labeling requirements they prefer before you deliver.

Products may also need to be sized or graded to industry standards and may require a UPC or PLU code.

To set your prices, consider subtracting 35-45% from your retail or farmers market price to create a wholesale price for a grocery store. It is vital to be able to explain your prices to the grocer so that they are more likely to pay what you need and can explain it to the end customer. Grocers may pay more if there is a good reason such as a special flavor, variety, or something else that makes your product special.

It is also critical to have a clear system for invoicing grocery stores. They are used to working with distributors and often do not have time to dedicate to handling individual farmer invoices. A good, clear, or professional invoicing system could set you apart from other vendors.

Farmers may increase sales at the store by creating point of sale signage that highlights your farm and growing practices with pictures. Be sure to talk to the grocer about what size of signage would work best in the store. Sampling by the producer has been found to significantly increase sales.

Grocery store point of sale (POS) technology at the cash register may require a PLU (product lookup number) or UPC code (Universal Product Code that is represented by a barcode) on products.

Most grocers use the universal PLU numbers to identify bulk produce, herbs and nuts. Growers, packers and shippers are reminded to check before ordering PLU labels to ensure PLU information for their use is current. A complete list of Global PLUs is available on the Web at www.plucodes.com. Look under Produce Coding.

UPC codes are used to identify primarily packaged products. A UPC code is a unique 8 or 12 digit number accompanied by a barcode that identifies a manufacturer and their product. A UPC code can be purchased from a UPC generating business. UPC codes can be expensive, so check with the grocery store to make sure they are required. Be sure to plan ahead that there is plenty of a supply of the sizes of packaging and flavors you want to use in order to minimize the long term costs. For example, if you were to have a UPC code for jam you produce, the product number would vary to represent each different size of the same flavor and to distinguish flavors of the same size.

Farmers selling to grocery stores will need to establish good bookkeeping systems that include clear invoicing and accounts receivable. Most grocery stores will not pay on delivery and may pay monthly. It is important to keep track of deliveries and always be sure to get a signed invoice in duplicate. File one copy for yourself.

Benefits of Selling to Grocery Stores

- Great market for larger quantities of quality items.
- Opportunity to reach a larger customer base and educate consumers about your products.
- Can be a strong outlet when harvest is more abundant than planned.
- Possibility for long term relationship and feedback for new products.
- Opportunity for custom growing.

Challenges of Selling to Grocery Stores

- Communication with buyer needs to be constant, and may need to be daily.
- Must meet orders and deliver deadlines.
- May not be able to sell enough quantity for profitability.
- May need standard sizes; labeling and packaging.
- May need to get a PLU or UPC code on your product.

Recommended Fact Sheets: Food Processing, Insurance, Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Direct marketing from farms to institutions has become more popular in recent years due to the success of farm-to-school programs around the country and the growing awareness that institutions provide food to a variety of contained populations who may have reduced access to healthy foods. Institutional market requirements vary, but the range of institutions provides opportunities for many farmers.

Overall, farms need to have a certain level of reliable and constant production to sell to institutions. They also need to have the capacity to deliver or arrange deliveries. And, finally, they will need to dedicate time for building relationships and regular communication. The good news is that as public awareness has grown more institutions are interested in buying local food. Farmers interested in selling to institutions may find a good match in one or more of the four institutional markets.

This fact sheet covers:

- schools, universities, and child care facilities;
- hospitals and extended care facilities;
- state institutional facilities; and
- corporate campuses.

Schools, Universities and Child Care Facilities

Schools, universities and child care facilities are a growing market for farmers. With 295 school districts in Washington, there is a school near to almost every farm. Requirements for selling vary by district and most schools have very tight food purchasing budgets. However, with recent state and federal legislation establishing fresh fruit and vegetable snack grant programs in Washington's low income schools, a new market for raw product from farmers has been created. Some may purchase frozen or dried produce, as well. The grant programs offer from 30 to 70 cents a day per child for a single serving of fruit or vegetables. School districts purchasing directly from farms have shown children enjoy the food from farms and the educational programs in assemblies and in the classroom. Teachers and principals report that students are more focused, better behaved and ready to learn when they participate in the snack programs.

To contact a school food buyer, call or email the child nutrition services director in your school district. Be sure to build a good sales partnership by offering to start small, with harvest dinners or periodic local menus, and build to a more steady purchasing relationship.

Universities and child care facilities are at both ends of the spectrum in terms of the volumes they buy. Universities will have similar standards to the large business cafeterias outlined below. Child care facilities will range from very small to large volumes and may be an appropriate match for small to mid-sized farms.

WSDA's Farm to School Program is designed specifically to support farmers interested in selling to schools and institutions. If you need help finding school buyers, or would like assistance in planning for this market, visit www.agr.wa.gov/farmtoschool, email FarmtoSchool@agr.wa.gov, or call (206) 256-6150.

Benefits of Selling to Schools, Universities and Child Care Facilities:

- Steady year round markets (with summer feeding programs) and consistent order volumes.
- Allows for medium and high volume sales in your community and across the state.
- Opportunities to partner on educational programming for students about farming.
- Higher price point than wholesale.
- Demand for value-added products and minimally processed products.

Challenges of Selling to Schools, Universities and Child Care facilities:

- Finding a buyer who is interested in purchasing from farms.
- Farm may incur delivery costs or require time away from the farm to make deliveries.

- Farm may be required to carry additional liability insurance and/or third party food safety certifications like Good Agricultural Practices (GAP, available through WSDA Fruit and Vegetable Inspection Program).
- Larger schools may prefer that farms sell through regional distributors.
- School may be seeking washed, processed foods (cut, peeled, diced, etc.) that require minimal kitchen preparation.

Hospitals and Extended Care Facilities

Hospitals and Extended Care Facilities recognize the health benefits of eating good food and are increasing their purchasing from local farms. Many health care facilities feature local food in their cafeterias where they have some flexibility in pricing.

The first step is to call and identify the food buyer at the hospital or extended care facility. Ask about seasonal items such as winter squash or berries that they may want to purchase and whether they participate in events that support local farms. Some facilities may host farmers markets, like the Mt Vernon Farmers Market at Skagit Valley Hospital, or CSA drop sites for employees.

Be sure to provide the buyer with information about all of your products, seasonal availability, volumes, packing and processing, as well as delivery options.

Benefits of Selling to Hospitals and Extended Care Facilities:

- May offer a good price point and the opportunity to move volume quickly.
- Can advertise farm to customers with point of sale materials.
- Farm may also be able to set up a CSA pick-up site at the hospital or extended care facility.
- Steady year round markets and consistent order volumes.

Challenges of Selling to Hospitals and Extended Care Facilities:

- Farm may be required to carry additional liability insurance or third party food safety certifications like Good Agricultural Practices or GAP (available through WSDA Fruit and Vegetable Inspection Program).
- May prefer that farms sell through regional distributors.
- May be hard to get connected initially with the buyer.
- May have specific delivery requirements.

State Institutional Facilities

Washington State prisons, Department of Social and Health Services (DSHS) facilities, and Services for the Blind utilize state contracted vendors through the Washington State Department of General Administration which requires formalized lowest-cost bidding. State facilities are allowed to buy off contract through the best buy clause if the product is not available through the vendor or they find the item at a lower cost.

Youth detention centers can buy direct from farms because they do not have state contracting requirements. Farmers can contact individual prisons, DSHS facilities and Washington State Department of Services for the Blind for additional markets.

To initiate a sales conversation with the Department of Corrections, please call the State Food Program Manager at (360) 725-8457or the Sustainability Coordinator at (360) 725-8396. DSHS facility locations can be found at www.dshs.wa.gov/locate.shtml or call (800) 737-0617 for more information. Contact Services for the Blind at (800) 552-7103 or email information@dsb.wa.gov.

Larger co-ops and very large farms are sizable enough to bid for contracts through the Department of General Administration.

The Washington Electronic Business Solution System (WEBS) offers one central location where vendors register; receive notification of government bidding opportunities; and access bid documents posted to WEBS by government organizations. Register for WEBS at www.ga.wa.gov/Business/register.htm.

For additional information call the Department of General Administration State Purchasing and Contracts Division at (360) 902-0900.

Benefits of Selling to State Institutional Facilities:

- Prisons do not require processed foods because they can process items on-site.
- Steady year round markets and consistent order volumes.
- Allows for medium and high volume sales in your community and across the state

Challenges of Selling to State Institutional Facilities:

- Farm may need to deliver very high volumes
- Farm may be required to carry additional liability insurance or third party food safety certifications like Good Agricultural Practices or GAP (available through WSDA Fruit and Vegetable Inspection Program)
- Prison or detention center may prefer that farms sell through regional distributors

Corporate Campuses

Corporate campuses are seeing farm fresh food as an employee benefit and are offering local food options more than ever before. Businesses with in-house food service that serve 100 or more people per day are an example of this market. Whether these businesses make machinery in eastern Washington or software in western Washington, the cafeteria may offer three meals each day and ample snacks. Sometimes the cafeterias of large businesses can pay more than other institutions because the employee may pay more for featured local items.

To get started, contact the buyer or food service management company that runs the cafeteria. Check for requirements and minimum volumes. Offer a list of your products, how you can offer them (fresh, frozen, dried, or canned) and possible delivery schedules.

Benefits of Selling to Corporate Campuses:

- Higher price point than other institutions and you can move volume quickly.
- Your farm may be featured with point of sale materials.
- May also be able to advertise to cafeteria customers or set up a CSA pick-up site at the business.

Challenges of Selling to Corporate Campuses:

- May be hard to get connected initially with the buyer.
- Farm may be required to carry additional liability insurance or third party food safety certifications like Good Agricultural Practices (GAP; available through WSDA Fruit and Vegetable Inspection Program).
- May prefer that farms sell through regional distributors.

Recommended Fact Sheets: Direct Marketing in Washington State, Food Processing, Insurance

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

The WSDA Organic Food Program is accredited to certify organic producers, handlers, processors and retailers to the USDA National Organic Standards. WSDA is also accredited to certify operations in accordance with international organic standards. Most of the crops, livestock products and processed food products noted in this fact sheet may be certified as organic. The following information provides an overview of the requirements to market your crops and products with the organic claim. If you want to pursue organic certification through WSDA, contact the WSDA Organic Food Program for additional information and assistance.

This fact sheet covers:

- National Organic Standards and the National Organic Program;
- organic labeling;
- recordkeeping requirements for certified operations;
- recordkeeping requirements for organic handler and processors;
- approved materials for organic production;
- the WSDA Brand Name Material List (BNML);
- Organic Material Review Institute (OMRI);
- seven steps to organic certification with WSDA; and
- WSDA Organic Program fact sheets and contacts.

National Organic Standards and the National Organic Program

All products sold, labeled, or represented in the United States as "organic" must be compliant with the United States Department of Agriculture's (USDA) National Organic Standards. The National Organic Program (NOP) develops, implements, and administers national production, handling, and labeling standards for organic agricultural products. The NOP also accredits third party certifying agents (foreign and domestic) to inspect and evaluate organic production and handling operations and certify businesses that meet USDA standards.

Producers may become certified organic through any accredited certifier. The USDA National Organic Program's website is www.ams.usda.gov/nop.

How is organic production defined?

The National Organic Standards define organic production as a system that is managed in accordance with the USDA regulations and responds to site-specific conditions by integrating cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.

What does transition to organic mean?

Transition describes the time period between the last prohibited material application and when the land becomes eligible for the organic status. The National Organic Standards require that all land used to produce organic crops and livestock must have had no prohibited substances applied to it for a period of three years immediately preceding harvest of the product.

Products certified as "transitional" must meet the same production and handling requirements as an organically certified product, except that the land must have no applications of prohibited materials for one year prior to harvest, rather than the three years required for organic. Producers whose land is in transition can apply for Transitional certification through the WSDA.

Do I need to be certified?

Operations, or portions of operations, that produce or handle agricultural products that are intended to be sold, labeled, or represented in the US as "100 percent organic," "organic," or "made with organic ingredients" must be certified by a USDA accredited certifying agency.

Producers, processors, and handlers that sell less than $5,000 a year in organic agricultural products do not need to be certified to make an organic claim. While exempt from certification, these producers and handlers must still abide by the USDA National Organic Standards and are subject to surveillance inspections. Additionally, retail operations and some handlers (brokers, grocers, and distributors) are not required to be certified. Exempt or excluded handlers and processors may choose to obtain certification due to market demands or to increase consumer confidence of their products and practices.

How long does it take to get certified as an organic food producer or handler?

The certification process takes an average of 3½ months. Incomplete application packets will delay the certification process. Application packets should be submitted early in the season to allow time for the inspection and review process. Organic crops may not be certified after they have been harvested, and organic processed products may not be certified after they have been processed and released.

What is the cost of organic certification?

The fees associated with organic certification are based on the operation's gross annual income of organic crops or products and the type of certification services requested. The WSDA Organic Food Program fee schedules are outlined in the WSDA Organic Rules and Regulations Book (WAC 16-157) and in the application packets. Certification fees must be submitted annually.
The 2007 Farm Bill included cost share funding for organic certification. Check with the Organic Food Program for available funds.

How often do I have to renew my application for certification?

Organic certification is an annual process, and to remain compliant, an operation must annually renew their certification. An application, organic system plan update, and fee must be submitted each year. Renewal application packets are mailed in December for producers and in January for handlers and processors. To avoid late fees of $100 per month, renewal applications must be received in the office by February 1st for producers and March 1st for handlers and processors.

What is a Producer?

A producer is someone who grows or produces crops or livestock products. There is a distinction made between crop producers and livestock producers, and livestock producers are further defined as ruminant livestock producers (beef, dairy, lamb) and non-ruminant livestock producers (poultry, eggs, pork). Organic crops and livestock must be produced in accordance with the National Organic Standards to be sold or labeled as an organic product.

What are the requirements for producers of organic crops and livestock?

Organic crop production must occur on sites that have been free from prohibited materials for at least 3 years and must be managed without the use of prohibited materials. Organic livestock production requires that animals be fed 100% organic feed, have access to pasture for ruminants and access to the outdoors for non ruminants, and prohibits the use of antibiotics and hormones. All producers must complete an Organic System Plan relevant to their type of operation and maintain detailed records of their production practices. An annual on-site inspection verifies that the Organic System Plan is accurate and that the operation's production practices are compliant with the National Organic Standards.

Can I be a certified organic producer if I also grow conventional crops?

Yes, an adequate buffer zone must be in place to prevent the unintended application (i.e. spray drift) of a prohibited substance on an organic crop and procedures must be in place to prevent organic crops from being contaminated. Recordkeeping must clearly differentiate the organic and conventional aspects of an operation.

What is a Handler?

A handler is someone who sells, brokers, distributes, packs, or labels organic products. Handlers of organic products must maintain the identity of organic food and prevent contamination with prohibited substances. Organic products can be identical in appearance to nonorganic products, therefore all labels and documents must clearly identify the product as organic. Handlers of organic products must demonstrate that they have procedures in place to maintain the identity and segregation of organic products at all times.

What is a Processor?

A processor is someone who engages in canning, freezing, drying, dehydrating, cooking, pressing, powdering, packaging, baking, heating, mixing, grinding, churning, separating, extracting, cutting, fermenting, eviscerating, preserving, jarring, slaughtering, or otherwise processing of organic food products. Processed organic products contain organically grown ingredients and do not contain artificially derived preservatives, colorings, flavorings or other artificial additives. Processed organic products comprised of both organic and nonorganic ingredients are subject to specific labeling restrictions on the use of the term "organic."

What are the requirements for handlers and processors of organic food?

Processors and handlers must complete and submit an application packet including an Organic System Plan. Procedures must be in place to ensure that no commingling or misidentification occurs between organic products and non-organic products. Prohibited substances used within the processing or handling facility must not come in contact with or contaminate the organic products. A list of all ingredients used in organic products must be provided. All organic ingredients must be certified according to National Organic Standards, and by National Organic Program accredited certification agencies. Labels for all organic products must be submitted and approved prior to obtaining organic certification. All organic products must be processed with only approved minor ingredients and processing aids.

Organic Labeling

What Kind of Claims Can I Make?

All product labels and marketing information that make an organic claim must comply with Subpart D of the USDA National Organic Standards (Sections 205.300 - 205.311). These sections outline product composition requirements, along with labeling requirements for the different composition categories.

Retail Packages

100% Organic Claims - made entirely of 100% organic ingredients and processing aids, identify all organic ingredients as "organic" on the ingredient statement, and include the statement "Certified Organic by Washington State Department of Agriculture," or other accredited certifier. The use of the USDA and WSDA organic seals are optional.

Organic Claims - at least 95% organic ingredients, use of only approved non-organic minor ingredients and processing aids, identify all organic ingredients as "organic" on the ingredient statement, and include the statement "Certified Organic by Washington State Department of Agriculture," or other accredited certifier. The use of the USDA and WSDA organic seals are optional.

Made with Organic (Specified Ingredients) Claims – at least 70% organic ingredients, indicate all organic ingredients as organic on the ingredient panel, and include the statement "Certified by Washington State Department of Agriculture." Non organic ingredients must not be produced using prohibited practices (Genetically

Modified, Sewage Sludge, Ionizing Radiation). The use of the WSDA organic seal is optional.

Organic Claims in Information Panel Only * - less than 70% Organic Ingredients, identify organic ingredients as "organic" in the ingredient statement if the percentage of organic ingredients is displayed in the information panel.

* If all organic claims are limited to the information panel, the product is exempt from certification under the National Organic Standards (Section 205.101).

Organic Labeling for Non-retail Containers (Any container used only for shipping or storage of an organic agricultural product) – must be traceable back to an organic product and must display the production lot number of the product if applicable. In addition, non-retail containers may also be labeled with the term "organic," special handling instructions to preserve the product's organic integrity, the USDA and WSDA organic seals, and the statement "Certified by the Washington State Department of Agriculture."

The National Organic Standards also outlines requirements for the labeling of non-packaged products sold at retail stores (such as bulk containers), as well as the labeling of products that are produced at operations that are exempt or excluded from certification. Refer to Sections 205.308-310 within the National Organic Standards or contact your certifier for details on these types of label claims.

Recordkeeping Requirements for Certified Operations

What type of records do I need to maintain?

A major requirement of the National Organic Standards is the maintenance of all records related to organic production and handling. These records must be available during an inspection and must be easily understood. An audit of your records will be conducted during an organic inspection to verify certification requirements have been followed. Complete and accurate records must be kept that track the organic products from seed to harvest, or from receiving through final sale and shipping. Examples of records maintained by organic producers include:

Organic Crop Producers

- Seeds, annual seedlings and perennial planting stock – invoices, organic certificates, verification of attempts to find organic sources
- Application records for all farm input, invoices and shipment documents for material inputs purchased
- Production records – planting, cultivation, weeding, farm equipment cleaning, farm consultant recommendations, soil analysis results
- Harvest records – production yields, shipping documents, delivery tickets
- Sales records - daily market records, CSA sales receipts, bank deposits, warehouse sales summaries, invoices for buyers, purchase orders from buyers

Organic Livestock Operations

- Organic verification for all feed, including pasture, grain, hay or silage (organic certificates and invoices).
- Grain invoices with weights from your grain company.
- Somatic cell counts for the last 6 months dairy only.
- Animal medical treatment records (including vaccinations).
- Animal sale or purchase records if applicable.
- Sales records - daily market records, CSA sales receipts, bank deposits, customer invoices

Production Sites

- Material application records to verify that the land has been under organic management for at least 36 months prior to harvest.

- Cropping history or land use for at least 3 years.
- If the land was previously certified organic, have the Organic Certificate available.
- Lease Agreements for any leased ground
- Documents and maps from other agricultural agencies (NRCS, Farm Service, etc)

Record Keeping Requirements for Organic Handler and Processors

Receiving Records and Ingredient or Product Compliance Records
Information detailing the amount of product received by your operation and information detailing the organic status or compliance of an incoming product:

- Current organic certificate for each supplier of organic products or ingredients must be on hand. All organic products sold in the United States must have documentation that verifies the product was certified by a USDA National Organic Program accredited certification agency and that the product was specifically certified according to USDA National Organic Standards.
- Compliance affidavits.
- Field or bin tickets.
- Clean truck/equipment affidavits.
- Invoices, purchase orders, bill of ladings, scale tickets.
- Contracts.
- Certificates of analyses or Product Specification Sheets.

Storage and Production Records
Information detailing the handling or processing of organic products at your operation:

- Equipment clean-out logs.
- Product specification sheets and ingredient inspection forms.
- Batch recipes and product formulations.
- Ingredient usage reports and production logs.
- Quality control reports.
- Waste and shrinkage logs.
- Inventory reports for ingredients and finished products.
- Packaging reports.
- Pest management records.

Shipping Records
Information detailing the sale of finished product from your operation:

- Pallet/tote tickets and scale tickets.
- Certificates of analyses.
- Purchase orders and sales journals.
- Shipping logs and bills of lading.
- Export records and transaction certificates.

Approved Materials for Organic Production

In order to comply with National Organic Standards, producers, processors, and handlers must use input materials and substances that are in compliance with the regulation. Both the active ingredients in a substance, as well as any inert or

minor ingredients, must fully comply with the National Organic Standards to be used in or on organic crops, products, or sites. "The National List," Sections 205.601-205.606 of the National Organic Standards, outlines the substances that are allowed and prohibited for use in organic production and handling. The National List can be found in the WSDA Organic Rules and Regulations Book or at the National Organic Program website: www.ams.usda.gov/nop.

The WSDA Brand Name Material List (BNML)

Through our Material Registration Program, WSDA Organic Food Program has evaluated the formulations of the products on the Brand Name Material List and determined that they comply with the National Organic Standards. Producers and handlers may use the products on this list and have confidence that their use will not negatively affect the status of their certification. The WSDA BNML can be found at the Organic Food Program website: http://agr.wa.gov/foodanimal/organic.

The WSDA does not endorse or guarantee any of the products listed on the BNML.

Manufacturers are not required to register their products; therefore it is not a comprehensive list of materials that meet organic standards. Please refer to the National List of Allowed and Prohibited Substances for the complete list of generic substances that may be used in organic production. You are also encouraged to contact our office with questions regarding compliance with the National Organic Standards.

Updates to the BNML

A hardcopy of the Brand Name Material List is published every January and sent to all WSDA certified organic operators. Updates are published on a quarterly basis in the Organic Food Program's newsletter, *The Organic Quarterly*, with scheduled publication dates in April, July and October. The BNML updates can also be located on our website: http://agr.wa.gov/foodanimal/organic/materialslists.aspx. The updates include new products added to the Brand Name Material List and products which have been removed from the List.

WARNING!! The National Organic Program does not regulate the use of the term Organic on fertilizer and pesticide labels. Products prohibited for use in Organic production may contain the word Organic on their labels. Prior to using any substance in an organic operation, carefully evaluate the status of the material according to the National Organic Standards and the current WSDA Brand Name Material List. Substances change on an annual basis, due to withdrawal from registration, reformulation, or company change. Use of an unapproved substance may result in a loss of organic certification for 36 months. Keeping your certifier informed of all materials that you plan on using *before you use them* is required, will help to ensure compliance, and will help you avoid accidental application of a prohibited material.

Crop Production

The National Organic Standards allow the use of all natural substances unless they are specifically prohibited (for example: strychnine and nicotine are prohibited). Synthetic substances are prohibited unless they are specifically allowed according to the National Organic Standards. Sections 205.601 and 205.602 contain the list of allowed and prohibited substances for use in organic crop production.

Soil fertility may be maintained or improved through the application of natural or approved synthetic fertilizers. Many approved synthetic fertilizers have restrictions or annotations regarding their use and should be considered carefully prior to their application. Natural and approved synthetic substances are also used for insect, weed and disease control in organic farming systems when a preventative plan is not adequate to avert pest pressure.

Compost and Manure

Compost and manure are natural soil amendments that are approved for organic production but must meet certain requirements to be applied without restrictions. Raw, aged, and liquid manure must be applied at least 90 days prior to the harvest of crops whose edible portion does not come into contact with the soil (e.g. apples) and 120 days prior to the harvest of crops whose edible portion does come into contact with the soil (e.g. potatoes). Additionally, any compost that contains animal materials or manures is subject to these same preharvest intervals unless the compost has been managed in accordance with the National Organic Standard §205.203. Compost that contains only plant material can be applied without restrictions.

Livestock

Materials approved and prohibited for use in organic livestock production can be found in the National Organic Standards, Section 205.603 and 205.604. These material lists include the requirements around feed additives, vaccines and biologics, medications, and any other production aid used in an organic livestock system. Natural substances are approved for use in organic livestock systems, such as herbal remedies or naturally derived enzymes. All synthetic medications are prohibited, unless specifically allowed in Section 205.603. Prior to using a material in livestock production, evaluate the substance carefully and verify there are no synthetic binders, colors or artificial flavors in the product.

Processing Aids and Post Harvest Materials

This category includes materials that are approved for use as processing aids and post-harvest materials.

A processing aid is a substance used during processing but is either removed in some manner or is present at insignificant levels in the finished food product. Examples of processing aids include defoamers, fruit waxes, enzymes, or substances used as filters. Non-organic ingredients in processing aids must appear on the National List of Allowed and Prohibited Substances, §205.605 or §205.606.

Post harvest materials include any substance, material, structure, or device that is used in the post harvest handling of agricultural products. Post harvest materials are used on crops that are not processed. Post harvest products include floating agents, ethylene removal products, and sanitizers. Ingredients used for post harvest handling must be allowed under §205.601 and §205.602 of the National List.

Some materials are allowed for both post harvest and processing use (e.g. citric acid); however, many materials are only allowed for a particular application. Any restriction on the use of a registered product is listed in its annotation.

Organic Material Review Institute (OMRI)

WSDA is a member of the Organic Material Review Institute, which gives us access to their Organic Products List. This list, accessed on the internet at www.omri.org, is an additional resource for materials that are approved for use in organic food production and handling. OMRI also publishes a Generic Material List that gives more information on a specific generic material and whether it can be used in an organic operation. If you are certified by WSDA and would like a hard copy of the OMRI Organic Product List or Generic Material List, please contact our office. Products approved for Organic production by OMRI may contain the following logo:

Environmental Protection Agency (EPA)

The Environmental Protection Agency reviews pesticides for use in organic production. These products are labeled with the phrase "for organic production" and may include the following logo: FOR ORGANIC PRODUCTION

Seven Steps to Organic Certification with WSDA

Step 1: Contact WSDA Organic Food Program.

Contact the WSDA Organic Food Program to request an application packet specific to your type of operation, or visit our website to download electronic forms.

Step 2: Read the WSDA Certification Guide and WSDA Organic Rules and Regulations Book.

The Guide to Organic Certification and the WSDA Organic Rules and Regulations Book contain information on organic standards, the organic certification process, and requirements specific to your business. Use these guides as tools to navigate through the process.

Step 3: Complete the application packet and submit fees that pertain to your business.

If you have questions regarding the forms or the fees associated with organic certification, please contact our staff at organic@agr.wa.gov or (360) 902-1805.

Step 4: Application review and approval.

Your application packet, including your Organic System Plan, will be evaluated for completeness and compliance with the USDA National Organic Standards. You will be notified if additional information is necessary to complete the review of your application. If no additional information is needed, you will be notified that a complete application has been received and your inspector will contact you to schedule an inspection.

Step 5: Organic inspection.

An Organic Field Inspector will contact you to schedule an inspection of your business. Inspections are scheduled when the inspector can observe the practices used to produce or handle organic products and talk to someone who handles the day to day activities of the operation. The inspector will evaluate your management practices for organic crops and products and your safeguards to prevent organic crops and products from contamination. You will need to have all related records available for review at the inspection. Inspections may take from 1 to 8 hours depending on the size and scope of your business.

Step 6: Inspection report review.

After the inspection of your business has occurred, the inspector will submit a report to the Olympia office. The Inspection Report outlines whether you are following the Organic System Plan that was approved by the Olympia office and if there are any areas of noncompliance with your practices and the production or handling of organic crops and products. Your Certification Specialist reviews the report, requests additional information if necessary, and makes a final certification decision.

Step 7: Certification status notification.

If the inspection verifies that your system is compliant with the USDA National Organic Standards, and all outstanding items from the application review have been resolved, you will be issued an Organic Certificate. If areas of noncompliance were identified, the violation must be resolved prior to receiving organic certification.

The certification process takes an average of 3½ months for new applicants. Submit your application packet early in the season to accommodate the certification process.

WSDA Organic Program Fact Sheets and Contacts

To learn more about organic requirements, please see the following publications available online from WSDA Organic Food Program at: www.agr.wa.gov/FoodAnimal/Organic or call (360) 902-1805:

- WSDA Organic Food Program Guide to Organic Certification;
- WSDA Organic Food Program Organic Rules and Regulations;
- WSDA Organic Quarterly Newsletters; and
- WSDA Organic Fact Sheets.

Recommended Fact Sheets: Direct Marketing in Washington State, Food Processing, Other Certifications and Eco-labels

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Organic Certification is probably the most common type of third party certification, especially for fruits, vegetables and dairy. Today, there are many other certifications and labels, from Fair Trade to Salmon-Safe, Certified Vegan and beyond. In addition, many towns, areas and counties have organized "buy local" campaigns that include promotions for local farms and products. Each of these certifications and labels may bring a higher price, but there is no guarantee. Together, they provide opportunities to convey your values and/or practices, build community, and distinguish your product from the competition.

Organic certification has its own fact sheet.

This fact sheet includes information on:

- eco-labels;
- animal welfare labels; and
- Fair Trade and social justice labels.

Eco-labels

In 1997, the Northwest–based Hartman Group determined that 52% of consumers would purchase a product that was produced in an "earth sustainable" way. Since then, many companies have joined the eco-label movement. An eco-label is a seal or logo that makes a specific claim about a product. In general, the claims have to do with ecologically significant production practices such as avoiding pesticides, reducing fertilizers, caring for wildlife habitat, or alternative energy use. The Consumers Union maintains a comprehensive on-line resource on eco-labels at www.greenerchoices.org/eco-labels.

While the "true believers" are highly motivated by their values, Hartman's research shows that most customers are pragmatic and embedded in larger cultural and economic trends. Eco-labels and certifications tend to appeal to people who are looking for food that supports the environment and is perceived to have a smaller carbon footprint. With the proliferation of eco-labels, consumers have become savvier. Consumers respect a standardized, regulated label, and assume that the product meets their expectations based on that label. A 2003 study from the Leopold Center at Iowa State University tracks customer perceptions of eco-labels: www.leopold.iastate.edu/pubs/staff/ecolabels.

Salmon Safe
Salmon-Safe Farm Management Certification Program is a third party certification. In Washington State, the program is coordinated by Stewardship Partners. Salmon-Safe works to restore water quality and salmon habitat in Pacific Northwest salmon watersheds. They do this by evaluating farm operations using conservation practices benefiting native salmon. Operations endorsed by its independent, professional certifiers are promoted through retail partnerships by the Salmon-Safe label. Contact www.salmonsafe.org and www.stewardshippartners.org.

Animal Welfare Labels

A related category of labeling concerns the welfare of farm animals, specifically how they were raised and processed. The USDA has a list of animal audits and welfare programs on its Web site found through the Animal Welfare Certification Program at http://awic.nal.usda.gov (click on "Farm Animals", and then "Animal Welfare Audits and Certification Programs"). Some organizations focus on farm animals and some advocate for all domestic and wildlife as well. Usually there is a protocol or list of standard practices that the agency has deemed to constitute "humane" practices. There may be an on-site audit and fee involved. If approved, you can they use the certifier's logo on your product.

Meat producers may also be interested in becoming certified as following certain religious dietary laws, the most common being Kosher or Halal. Each certifier has its own requirements. To get started, see the Meat fact sheet.

The Sustainable Table has produced a consumer-friendly "Glossary of Meat Production Methods" that highlights the different claims, labels and certifications being used in marketing meat. Available free at: www.sustainabletable.org/spread/handouts/Glossary_of_Meat_Production.pdf

Fair Trade and Social Justice Labels

Fair Trade and other labels that highlight social justice values distinguish themselves by including or focusing on the rights of people, especially farm workers or in the case of coffee and cacao, marginalized farmers. All Fair Trade labeling is overseen by the Fairtrade Labeling Organization (FLO) in Europe. Each country has members of FLO that work with producers, processors and retailers. The member in the United States is Oakland-based TransFair USA (www.transfairusa.org). A wide range of products can be Fair Trade Certified. However, it is usually not domestic fruits and vegetables. For progress and policies for domestic fair trade see the Domestic Fair Trade Association at www.dftassociation.org.

There are emerging efforts to introduce labels that reflect social justice values, often linking to Living Wage Campaigns and interfaith communities. Harvest for Humanity (www.aboutharvest.org) is one effort in Florida. In the past, United Farm Workers (UFW) produced certified fair trade apples from Washington State.

The Food Alliance
The Food Alliance is an independent third party that endorses farm and ranch producers as well as food handlers (food processing businesses) to meet program standards in eight areas such as worker conditions, humane treatment of animals, and environmental standards. Handlers and farmers become certified through an audit and inspection process which allows the products of these farms and facilities to carry a seal of approval. For more information contact The Food Alliance at www.foodalliance.org, call (503) 493-1066, or email: info@foodalliance.org.

Recommended Fact Sheet: Organic Certification

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Regulations for Specific Products

Small Farm & Direct Marketing Handbook

Regulations and Strategies for Farm Businesses in Washington State

WSDA
WASHINGTON STATE
DEPARTMENT OF AGRICULTURE

Washington State farmers selling directly to the end consumer, restaurants, or grocery stores, may sell most produce without product inspection or licenses. However, inspection and licensing requirements apply for selling specific products in Washington State.

This fact sheet includes information:

- standards for grades and packs;
- inspection requirements for fruits and vegetables;
- sampling; and
- Good Agricultural Practices.

Standards for Grades and Packs

Fruits and vegetables are inspected to assure uniformity and compliance with standards for grades and packs, these are set by the federal or state government for each type of commodity. Grading standards include attention to maturity, soundness, shape, size, color, and freedom from pest or mechanical injury. Packaging standards include attention to size, dimension, and labeling of containers used. Contact the WSDA Fruit and Vegetable Field Inspection Office to locate field offices, or for detailed information on inspection. Fees for inspection vary for each commodity.

Inspection Requirements for Fruits and Vegetables

To assure standard quality, inspection is required for certain fresh fruits and vegetables sold in Washington State (WAC 16-461). **Fresh apricots, Italian prunes, peaches, cherries, apples, pears, potatoes and asparagus must be inspected by WSDA unless exempt from inspection** (detailed below).

Exempt products must still meet grade standards. **Farmers selling any amount of these products for resale (e.g., direct to grocery stores) must have their product inspected.** Farmers selling these products direct to restaurants and Institutional food services may or may not require inspection.

Produce sold direct to the end consumer is **exempt from inspection** when meeting the two following criteria:

1) Farmers Markets and Produce Stands

Producers can sell up to 2,000 pounds per day of each product (commodity), or 6,000 pounds/day of a combination of pears, peaches, apples, apricots, potatoes, asparagus, or Italian prunes without inspection. **Cherries are not included in this exemption.**

This exemption applies to farmers markets within the state, or fruit and produce stands within the same zone of production. Zones of production are:

Zone 1: All counties west of the Cascade Mountain Range;

Zone 2: All counties east of the Cascade Mountain Range and Skamania County: (Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Skamania, Spokane, Stevens, Walla Walla, Whitman, and Yakima).

Apples grown in Grant County can be sold at a fruit stand in any Eastern Washington county, or sold in a farmers market anywhere in the state without inspection.

2) Consumer Limits

Limits are placed on total amounts sold to each consumer for specific commodities. For instance: a farmer can sell a total of 500 pounds of apples, per day, to any one consumer. Limits (per consumer, per day) for commodities are as follows:

Pears, peaches, apples, apricots, and potatoes: 500 pounds
Asparagus: 250 pounds
Italian prunes: 350 pounds
Sweet cherries: 100 pounds

Containers of apricots, Italian prunes, and sweet cherries sold to consumers must be marked "not for resale." Inspection is available for other fruit and vegetable crops to assure quality, but is not mandatory.

Sampling

Farms that offer individual samples of sliced fruits and vegetables must follow serving guidelines set by the local county health department. Farms must follow food safety guidelines, but may not be required to obtain a *Retail Food Service Establishment* license from the County Health Department. Contact the local county Health Department for further information. See Licensing Fact Sheet for a listing of Health Departments.

Good Agricultural Practices

Unprocessed fruits and vegetables can be at risk for microbiological contamination during production and harvest. The USDA, FDA and CDC developed the Good Agricultural Practices. These guidelines are the standard for safe harvesting and handling procedures. Farmers can learn more about Good Agricultural Practices (GAP's) from: *Produce Safety From Production to Consumption: 2004 Action Plan to Minimize Foodborne Illness Associated with Fresh Produce Consumption* at www.fda.gov/Food/FoodSafety/Product-SpecificInformation/FruitsVegetablesJuices/FDAProduceSafetyActivities/ProduceSafetyActionPlan/ucm129487.htm

For more information in Washington and to find out more about GAP inspections, contact WSDA Fruit and Vegetable Inspection, call (360) 902-1833 (Olympia), (509) 225-2642 (Eastern Washington), or email jquigley@agr.wa.gov., or go to http://agr.wa.gov/Inspection/FVInspection/GAPGHP.aspx#Contact.

Recommended Fact Sheets: Food Processing, Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Eggs are a popular item to direct market and are a relatively easy enterprise to begin. Flocks under 3,000 hens are USDA grade exempt and fall under state law. Washington egg sales are specified in the "Washington wholesome eggs and egg products act," RCW 69.25. An "egg" refers to the shell egg of chickens, turkeys, ducks, geese, guinea fowl and any other species of poultry.

This fact sheet covers:

- on farm sales and CSA regulations;
- Egg Handler/Dealer License;
- facility requirements for eggs;
- egg handling: cleaning and refrigeration;
- packaging eggs and labeling cartons;
- distribution; and
- retail sales and health department jurisdiction.
-

On Farm Sales and CSA Regulations

Poultry producers who sell eggs from their own flocks at the place of production directly to household consumers do not need to be licensed. On farm sales are not subject to the same requirements as licensed operations. Therefore, Egg Seals are not required, nor are labels on new cartons. However, clean containers must be used and eggs must be stored at 45 ° F or less.

Egg Handler/Dealer License

An Egg Handler/Dealer License is required for any person or business intending to:

- produce, handle, contract for, or obtain possession or control of eggs for sale or barter to wholesalers, dealers or retailers within or into Washington; **OR**

- process eggs and sell them to wholesalers, dealers, retailers or consumers within or into Washington.

Licensed producers are required to meet standards for egg handling facilities, cleaning, refrigeration, packaging and labeling, distribution, and sales.

The WSDA Food Safety Program visits Egg Handler/Dealer License holders to inspect facilities and egg handling practices. During these visits the inspector offers technical assistance regarding the egg regulations, egg packaging and labeling and egg temperature requirements. The Food Safety Program works with egg producers, food storage warehouses, transportation activities, and with the wholesale and retail sale of eggs.

Please do not hesitate to contact the WSDA Food Safety Program if you have questions or concerns about egg handling and labeling. Go to the WSDA Food Safety "Egg Licensing Information" page online at http://agr.wa.gov/FoodAnimal/Eggs, or email foodsafety@agr.wa.gov or call (360) 902-1876 for the WSDA Shell Egg Producer Guidelines for Off-Farm Sales. It is available in the Egg Information Packet.

The Egg Handler/Dealer license costs $30.00 per year and is available through the Washington State Department of Licensing (WSDOL). You will need a Master Business License in order to get the Egg Handler/Dealer License. Go to www.dol.wa.gov/business/eggdealer.html or call (360) 664-1400 for more information.

Facilities Requirements for Eggs

A licensed egg handling facility must include a work area, designated storage, potable water, a hand-washing station, and a refrigerator.

The work area for egg handling requires a sanitary work surface that is smooth, durable, and easily cleanable. This work surface must be cleaned and sanitized before each use. Any sinks, drain boards, or other equipment used for the egg handling operation must be cleaned and sanitized before each use.

A designated work area must be separate from domestic living areas. Acceptable work areas may be an area in the basement, garage, or outbuilding. Unacceptable work areas are domestic living areas, kitchens, laundry rooms, and bathrooms.

Designated storage areas are required for new packaging materials, utensils, and equipment that may be used for the egg handling practices. These items must be protected from contamination (e.g. moisture, strong odors, dust, or insects).

Potable water is required for egg handling practices. Individual water wells require an annual bacteriological test (i.e. coliform bacteria). Commercial bottled water may be used.

Hand washing stations must be conveniently located in the egg handling work area and near your toilet facilities. Hand washing at the work area may be provided by a hot and cold plumbed hand sink or a portable hand wash "system" (such as a five-gallon insulated container, with a continuous flow spigot, filled with warm water between 100° F and 120° F). A pump-type liquid soap dispenser, paper towels, and a five-gallon pail to catch wash/rinse water can be used.

A designated refrigerator for the eggs is required. The refrigerator does not need to be new or commercial and may be placed outside the egg handling area such as in the garage. The refrigerator needs a thermometer that enables you to verify that egg storage is maintained at 40° F to 45° F.

Egg Handling: Cleaning and Refrigeration

The following steps and procedures are the guidelines from the WSDA Shell Egg Producer Guidelines for Off-Farm Sales.

Hands must be thoroughly washed before starting egg handling and during egg handling to minimize cross-contamination of "finished" eggs.

Maintain clean and dry nest boxes, change nest material as needed to reduce dirty eggs. Gather eggs at least once daily.

Soon after collecting, clean eggs as needed. (Cleaning eggs refrigerated below 55° F may cause shells to crack or check.) Using minimal cleaning protects the natural protective covering on the shell.

Acceptable egg cleaning methods include:

- dry cleaning by lightly "sanding" the stains or minimal dirty areas with sand paper;
- using potable water in a hand spray bottle and immediately wiping dry with a single service paper towel: and/or
- briefly rinsing with running water spray and immediately wiping dry with a single service paper towel.

The "wash" water should be a minimum of 90° F, which is warm "to the touch", and shall be at least 20° F warmer than the temperature of the eggs to be washed.

Unacceptable cleaning methods include submerging shell eggs in water or any other solution or using cleaners that are not food grade and approved for shell egg cleaning.

Note that the porous eggshell is not impervious to odors, chemicals, and "off" flavors.

Refrigeration

Since eggs are a perishable food, "cleaned" eggs must be held under sanitary conditions with refrigeration temperatures at 45° F or less. The "cleaned" eggs can be packaged later.

Packaging Eggs and Labeling Cartons

Shell egg producers are required to sell eggs in any type of new packaging or container provided the eggs are protected from damage and/or adulteration. By adulteration we mean contact with leaking or damaged eggs or any other poisonous or deleterious substance that may render the contents injurious to health.

Please note that it is unlawful to reuse old egg containers to package eggs. It is also unlawful to package eggs in containers labeled with another firm's name and/or identification number.

There are very specific requirements for what needs to be on an egg container. Each new carton must include:

a. common name of the food – "Eggs";
b. if other than a chicken egg, then the type of egg "Duck";
c. quantity, the number of eggs, "One Dozen";
d. name and address of the egg producer;
e. the statement "Keep Refrigerated";
f. the statement "SAFE HANDLING INSTRUCTIONS: To prevent illness from bacteria: Keep eggs refrigerated, cook eggs until yolks are firm, and cook foods containing eggs thoroughly."
g. If the eggs are not graded and not weighed, do not label with a grade or size. Indicate "Ungraded", "Not graded" (see below);
h. Pull date or "best by" date (see below); and an
i. Egg Seal (also see below).

To meet the above requirements, you can use labels designed on a home computer and printed on stock, self-adhesive labels.

Shell eggs are subject to **grading and sizing**. Quality designations and sizing weight ranges are determined by candling and weighing (WAC 16-104 and the USDA Egg Grading Manual). If the eggs are ungraded and not weighed, the packages/cartons shall not be labeled with a grade or size.

Cartons must include a "**Pull Date"** or "**Best By**" date. It may be hand written on the end of the carton or in a conspicuous location that is clearly discernible. The "Pull Date" must first show the month then the day of the month (e.g. Jun 14 or 06 14). Recommended dates are 30 days after production, not to exceed 45 days.

In addition, cartons are required to have an "**Egg Seal**" for each dozen if they are sold as "intrastate commerce" which includes farmers markets and retail outlets. Eggs sold directly off the farm are not required to have an Egg Seal on the carton. Egg Seals can be purchased directly from the WSDA Food Safety Program. They cost $2.68 for 1,000 stickers. Go to the WSDA Food Safety "Egg Licensing Requirements" page online or call (360) 902-1886.

Eggs that are **sold in bulk** are required to provide the same information as above, except that they do not have to include the quantity. Typically a placard displays the information for the consumer at the point of sale. Bulk Egg Seals are available from WSDA and the egg producer would place the Egg Seal on the bulk container.

Distribution

Egg packages and cartons should be transported in an easily cleanable, portable cooler with frozen gel packs to maintain a temperature of 45° F or less until eggs are distributed to retail outlet or sold to consumers.

Retail Sales and Local Health Department Jurisdiction

Local health departments have jurisdiction over farmers markets and retail stores that sell eggs and may conduct inspections to assure vendor compliance with local rules and regulations such as labeling and storage.

Recommended Fact Sheets: Licensing, Poultry Processing and Marketing Regulations

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Honey is an excellent product for direct marketing because it provides an opportunity for the buyer to experience each unique flavor and aroma before purchasing. Regardless of the blossom source Washington honey must be labeled and graded prior to sale. Hives must also be registered.

This fact sheet includes information on:

- selling honey to the end consumer;
- selling honey wholesale;
- labeling honey;
- grading honey; and
- registering hives.

Selling Honey to the End Consumer

Beekeepers who extract their own honey can sell it in the raw form to the end consumer. They do not need a WSDA Food Processor's License. Honey must be free from all contaminants.

If the honey is processed in some way (e.g., heated, pasteurized, or added ingredients or flavors), then you will need to be a licensed with the WSDA as a food processor.

Selling Honey Wholesale

Honey that is wholesaled or processed (blended, spun, heated, etc) must be licensed under RCW 69.07.
For more information, please visit the WSDA Food Safety Program online at http://agr.wa.gov/FoodAnimal/FoodProcessors or email at foodsafety@agr.wa.gov or call (360) 902-1876.

Labeling Honey

Washington State law requires that honey be labeled with the following information:

- Identification of the product ("honey")
- Name and address of the producer
- The net weight and grade of the honey.

Grading Honey

For retail sale, honey must be graded. For the USDA standards for grading honey, see the United States Standards for Grades of Extracted Honey at www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELDEV3011895

Registering Hives

In Washington State, all hives, whether for home or commercial use, must be registered with WSDA Plant Protection Division before April 1 of each year. Registration is required for any of the following:

- a person owning one or more hives;
- brokers renting hives; and
- apiarists that reside in other states who operate hives in Washington.

Annual registration fees are based on a sliding scale, from $5.00 for 1 to 5 colonies to $300.00 for 1,001 colonies or more.

Registration of hives provides official documentation that can be useful in the event of colony loss through poisoning or natural disaster. Fees are used to fund apiary research, as determined by the Apiary Advisory Board. While currently inactive, the board directs funding and research needs to the WSDA Director, as stated in state law.

Beekeepers with questions regarding registration of beehives, or that have interest in participating in advisory board activities should contact WSDA Plant Protection Division at (360) 902-2070, email PestProgram@agr.wa.gov, or visit http://agr.wa.gov/PlantsInsects/Apiary.

Recommended Fact Sheet: Food Processing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Wild or cultivated mushrooms can be sold at farmers markets, grocery stores, restaurants or other direct sales venues. Savvy consumers and chefs look for high quality and unique mushrooms. While white button, crimini, and portabella mushrooms are the most popular varieties in grocery stores, chanterelles, morels and lobster mushrooms shine at farmers markets. There are state regulations for harvesting wild mushrooms and processing mushrooms.

Cultivated mushrooms are considered a vegetable and there are no regulations for growing them conventionally. Contact the WSDA Organic Food Program for the organic regulations for cultivating mushrooms.

This fact sheet includes information on:

- regulations for harvesting wild mushrooms;
- selling mushrooms;
- selling processed mushrooms; and
- resources for commercial production.

Regulations for Harvesting Wild Mushrooms

Wild mushrooms harvested for commercial use in Washington State must be done with proper permission and permits. This includes mushrooms harvested from land owned or managed by the Washington State Department of Natural Resources (DNR), US Forest Service (USFS), other public lands as well as private landowners. The key is to obtain written permission from the agency or private landowner prior to harvesting.

One exception is that mushrooms harvested **and** sold on Native American Tribal lands do not require permitting. Those harvested on Tribal land but sold on non-tribal lands must be harvested with a permit. The regulations for harvesting wild mushrooms are outlined in Washington state law (RCW 76.48).

Private timber growers represent a large part of the forested land. It can be difficult to ascertain who owns private land and it may be necessary to research land ownership in order to get written permission to harvest mushrooms. It is generally easier to get permission to harvest from land managed by USFS or DNR.

Technically, wild mushrooms are classified as forest products by DNR and the USFS. The DNR and USFS have different requirements and permits for harvesting wild mushrooms.

Washington State Department of Natural Resources (DNR)
Harvest of certain products for commercial gain is handled through permits and leases. If you are interested in obtaining commercial access to a large parcel of trust land, for harvest of tree boughs, salal, bear grass and/or other decorative forest products, please contact the DNR region for the area in which you are interested at www.dnr.wa.gov/Publications/em_region_map_and_contacts.pdf.

DNR sets limits for harvesting mushrooms for "personal use." By definition, personal use forest products may not be sold or bartered. People harvesting mushrooms for personal use are limited to harvesting three gallons of a single species, not to exceed nine gallons of all species, plus one mushroom per day per person. To contact the Washington State Department of Natural Resources, go to the Special Forest Products section at www.dnr.wa.gov or call (360) 902-1774.

USDA Forest Service
To ensure a continuing supply of special forest products, the Bureau of Land Management and the USFS are working together to create uniform harvesting regulations on federally managed land in the Northwest.

In general, if you remove anything from federal land, you must have a "special forest products" permit. Therefore, if you want to harvest mushrooms on US Forest Service land, you must possess a valid "Special Forest Products" permit.

In addition, a "Commercial Use Permit" may be required from the National Forest District office closest to the harvest site. Different sites may have different requirements regarding fee and whether the mushrooms can be used for personal or commercial use. To find national forests that are part of the US Forest Service's Pacific Region of the U.S. Forest Service, visit: www.fs.fed.us/r6.

For example, the Colville National Forest website posts a wild mushroom harvesting season chart with permits and fees for that forest. It also highlights specific forest information such as the harvest of any Matsutake (Pine) mushrooms requires a commercial use permit. It also contains mushroom harvesting etiquette and resources for identification. See the Colville National Forest website for Forest Product Permits at www.fs.fed.us/r6/colville/passespermits/special-forest-prod.shtml, or call (509) 684-7000.

No permit is needed for "incidental" amounts of wild mushrooms for personal use. For mushrooms, an incidental amount is considered up to 60 mushrooms or 3 gallons per day (whichever is less volume).

Landowners may require additional permits to harvest mushrooms on their property.

Mushroom buyers that buy wild mushrooms from harvesters and resell them are not required to obtain any permits.

Selling Mushrooms

There are no regulations for selling whole, fresh mushrooms. If packaged in containers, or processed, labeling requirements for processed foods must be met.

Selling Processed Mushrooms

You must use a licensed WSDA Food Processing Facility to process mushrooms, including drying, slicing, freezing or canning mushrooms. These facilities may be one of the least expensive options for processing mushrooms. Contact Food Safety for Processing Facilities near you. Producers may also get their own facility licensed through WSDA's Food Safety Program. Please see the Processed Food fact sheet for complete details by emailing organic@agr.wa.gov or calling (360) 902-1805.

Resources for Commercial Production

For information on cultivated production and markets for small farms, see the University of Idaho Extension publication on "Growing Mushrooms Commercially – Risks and Opportunities" at http://info.ag.uidaho.edu/pdf/CIS/CIS1077.pdf .

ATTRA also has a free publication on "Mushroom Cultivation and Marketing" available at http://attra.ncat.org/attra-pub/mushroom.html#growing_mushrooms or by calling (800) 346-9140.

Recommended Fact Sheets: Food Processing, Organic Certification

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

In Washington State, most dairies that do direct marketing are independent businesses. The typical dairy has a small, often multispecies herd and milks by hand or mechanically. In Washington milk is legally sold raw and pasteurized; homogenized and non-homogenized. Some dairies do both milk and cheese. Additional niche products such as yogurts and kefir are also emerging. Producers are selling cow, goat, sheep or other milk directly to consumers from the farm, at farmers markets, on the Internet, and through retail grocery stores. Navigating the regulations on milk and dairy products can be a challenge.

This fact sheet covers:

- support from WSDA Food Safety Program;
- Milk Producers License;
- Milk Processing Plant License;
- Interstate Milk Shippers Program;
- Milk Hauler's License;
- pasteurized fluid milk sales;
- retail raw fluid milk sales;
- wholesale raw fluid milk sales;
- dairy animal health requirements; and
- cheese, butter and other dairy products.

Support from WSDA Food Safety Program

The WSDA Food Safety Program provides one-on-one technical assistance for dairy farms and milk processing plants to help you produce safe dairy products. Milk is a potentially hazardous food product because of its ability to support pathogen growth. It is important to reduce the risk of unintentionally contaminating your milk product.

The WSDA Food Safety Program helps you reduce risk by advising you about your milking parlor and milk processing plant design layout, construction materials, approval of equipment you are seeking to purchase, heating and cooling procedures, evaluation of your water source and cross-connections, and food science techniques for preventing cross-contamination from the farm to your milk processing plant, labeling of dairy products, as well as the application process for your license.

Milk Producers License

A "milk producer" is defined as a person or organization that operates a dairy farm and provides, sells, or offers milk for sale to a milk processing plant, receiving station, or transfer station. All milk producers are required to get a "Milk Producers License." This is an annual license and is free. For more information, please review the **Milk Producers Handbook** online at http://agr.wa.gov/FoodAnimal/Dairy/docs/milkproducershandbook.pdf or call Food Safety for a copy.

Milk Processing Plant License

A "Milk Processing Plant" is defined as a place, premises, or establishment where milk or milk products are collected, handled, processed, stored, bottled, pasteurized, aseptically processed, or prepared for distribution, except an establishment that merely receives the processed milk products and serves them or sells them at retail.

A milk processing plant must obtain an annual **Milk Processing Plant License**. Under this license, a milk processing plant may choose to process (1) Grade A milk and milk products, or (2) other milk products that are not classified Grade A. Please note that the licenses are only valid for the physical site address noted on the Milk Processing Plant license. They cost $55.00 per year.

The Milk Processing Plant License covers only those products, processes, and operations specified in the license application and approved for licensing by WSDA. When a licensed processor wishes to add another type of milk product that is different than the products specified on their license, the licensee must submit to the WSDA Food Safety Program, a licensing amendment stating the type of product along with the processing steps, and a copy of the label.

All milk-processing plants must obtain the necessary endorsements (which verify approval) from WSDA in order to process products as defined for each type of milk or milk product processing. This may include the need for on-site approval of new equipment and facility design by the local Food Safety Officer.

Licensed Milk Processors are not required to obtain a "Food Processing License" unless they also manufacture non-milk products such as non-dairy creamers, bottled water, juice drinks, etc. Only one licensing fee will be charged when a Milk Processing Plant also manufactures food products. (See RCW 15.16.051 and RCW 69.07.04.)

For the complete Milk Plant Handbook, please visit
http://agr.wa.gov/FoodAnimal/Dairy/DairyLicense/MilkPlantHandbookAppJul05.pdf

Interstate Milk Shippers Program

Grade A Milk and Milk Products that are to be sold in interstate commerce (out of state) must be participants of the Interstate Milk Shippers Program (IMS). Participants must meet all applicable federal requirements such as the code of federal regulations (CFR) chapter 21. Producer milk that is shipped to an IMS listed facility must meet all IMS requirements even if they also ship milk to a milk processor NOT directly involved in the IMS program. Contact the WSDA Food Safety Program for more information regarding the IMS program and requirements.

Milk Hauler's License

A "Milk Hauler" is defined as a person who transports milk or milk products in bulk to or from a milk processing plant, receiving station, or transfer station. The annual Milk Hauler's License is free and the application is available online at http://agr.wa.gov/FoodAnimal/Dairy/DairyLicense/Form2042.pdf or by calling the Food Safety Program.

Pasteurized Fluid Milk Sales (retail and wholesale)

Pasteurized fluid milk processed by a licensed WSDA milk processing plant can be sold direct to consumers and through all food distribution channels in Washington State and out of state. However, if you want to sell out of state, see Interstate Milk Shippers Program (IMS) above.

Retail Raw Fluid Milk Sales

Raw fluid milk produced by a licensed WSDA milk producer and bottled at that farm's licensed milk processing plant can be sold direct to consumers from the farm, at farmers markets, on the Intranet, or through grocery stores within Washington State. Interstate sales are prohibited.

Raw milk sold in Washington State must bear the following labeling as required by state law (RCW 69.04 and WAC 16-101-990):

- Identification of the product, including the word "Raw" in clear lettering;
- Name and place of business of the producer or packager;

- The quantity, weight, and grade of the milk;
- The words "WARNING: This product has not been pasteurized and may contain harmful bacteria. Pregnant women, children, the elderly and persons with lowered resistance to disease have the highest risk of harm from use of this product."

When selling raw milk, a sign must be posted near the product that states: "Warning: Raw milk or foods prepared from raw milk may be contaminated with dangerous bacteria capable of causing severe illness. Contact your local health agency for advice or to report a suspected illness." (WAC 246-215-051)

Wholesale Raw Fluid Milk Sales

Raw fluid milk produced by a licensed WSDA Milk Producer can be sold for further processing to a licensed WSDA milk processing plant, food processor or animal feed processor.

Dairy Animal Health Requirements

It is illegal to sell or deliver milk or milk products produced from diseased mammalian animals. All milking mammals must meet the animal health requirements established by the state veterinarian (RCW 16.36). In particular:

- Mammalian animals showing chronic mastitis are not allowed to be part of the milking herd.
- Raw milk intended to be consumed in the raw state must come from a herd that has tested negative within the previous 12 months for brucellosis, tuberculosis and other diseases designated by the state veterinarian.

Animals must be tested yearly thereafter to assure their health. Additions to the herd must test negative for the diseases within the previous thirty days before introducing them into the herd.

Cheese, Butter and Other Dairy products

Dairy farms wishing to process cheese products, butter, and/or other dairy products must obtain a Milk Producer License and a Milk Processing Plant License from WSDA. A Milk Producer License is only needed when animals are being milked. A food processor that is buying milk from a farm to make cheese does not need a Milk Producer License.

Cheese can be processed from pasteurized milk or raw milk. If processing cheese from raw milk, the cheese must be aged at not less than 35° F for at least 60 days.

Other value-added dairy products (e.g. chocolate milk, buttermilk, egg nog, yogurt) can only be processed from pasteurized milk.

Licensing application packets and help are available from the WSDA Food Safety Program at http://agr.wa.gov/FoodAnimal/Dairy, or by emailing foodsafety@agr.wa.gov or calling (360) 902-1876.

Recommended Fact Sheets: Food Processing, Insurance, Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

This fact sheet has been developed as part of the "Realizing the Potential of Pastured Poultry in our Local Food System" project by Kirsten Workman of the WSU Mason County Extension and Mason Conservation District; Fred Berman and Patrice Barrentine of the Washington State Department of Agriculture Small Farm and Direct Marketing Program; Nate Lewis of WSDA Organic Food Program and Homegrown Pastures, Melissa Barker of The Evergreen State College Organic Farm and Homegrown Pastures, and Colleen Donovan. We gratefully acknowledge everyone who reviewed and improved this fact sheet including Claudia Coles, Al Kowitz, Norman Suverly, Carey Hunter and Andy Bary.

Please note: the information in this fact sheet is our best understanding of the current state laws and regulations at the time of publication. If there is a conflict between what is written and what is contained in law, the applicable law prevails. Laws and regulations also are subject to change. Please refer to the contacts listed for the most up-to-date information.

Growing consumer demand for locally grown, humanely-raised, organic and/or pastured meat creates new opportunities for small-scale poultry producers. Careful planning and a good understanding of the regulations surrounding the processing, handling, and marketing of poultry meat is essential. With the proper license or permit, a producer can sell his or her poultry meat to retail outlets such as restaurants, grocery stores, and farmers markets, or straight from the farm. This Fact Sheet is designed to help poultry producers understand Washington State regulations and provide resources for a successful poultry enterprise.

This fact sheet includes:

- overview of poultry processing permits and licenses;
- WSDA poultry processing facility and water requirements;
- mobile poultry processing units;
- USDA inspected poultry processing plants in Washington;
- ratites and rabbits;
- selling and labeling certified organic poultry;
- requirements for selling poultry at farmers markets and farm stands;
- poultry processing equipment lending programs;
- helpful resources on poultry processing.

Figuring out which licenses and permits apply to a poultry business can be a daunting task. It may be difficult to see the benefit of going through the process, especially when pressed with so many other expenses and responsibilities. Benefits to getting the proper permit or license to process poultry include:

Opening up new marketing alternatives
With the proper permit or license, your poultry may be legally sold to customers from your farm, to restaurants, grocery stores, at farmers markets and via the Internet.

Capturing more value for your poultry meat
By accessing direct markets, producers can capture the full retail value of poultry, increasing profits. For example, as of August 2009, direct marketed whole chickens are selling on average for $3.50 to $5.75 per pound.

Building customer trust and loyalty
By acquiring the appropriate licenses, you can demonstrate to your customers that you are following all state regulations and food safety practices that ensure a safe, quality product.

Reducing business risk
In order for your product liability insurance to be valid, your carrier will require you to be properly licensed. Being licensed also enables you to advertise without concern for regulatory repercussions.

Influencing agricultural policies in Washington State
Being licensed creates an opportunity for direct feedback to state agencies, so that they can improve rules to better serve farmers and consumers alike. The more producers that are licensed, the greater their voice becomes in the policy arena. In addition, as a producer you have a responsibility to your fellow producers to maintain a legal and safe infrastructure to protect both the public and your rights to continue processing.

Overview of Poultry Processing Permits and Licenses

Poultry processing in the United States is regulated by the Federal Poultry Products Inspection Act. This includes chicken, geese, duck, turkey and other domesticated birds raised for meat.

In Washington State, there are currently two ways that small-scale poultry producers may be exempted from this Act. One is the **WSDA Special Poultry Permit** and the other is by getting a **WSDA Food Processors License**.

The WSDA Food Safety Program is available for one-on-one technical assistance with the licensing process, a processing facility design and construction materials, equipment, cooling procedures, water source, and food safety techniques to prevent cross-contamination of poultry products. Please contact WSDA Food Safety Program directly before submitting your licensing application at (360) 902-1876 or email foodsafety@agr.wa.gov or go online to www.agr.wa.gov/FoodAnimal/FoodProcessors.

Which Permit or License do I need?

The below four questions can help a producer figure out if he or she needs a WSDA Specialty Poultry Permit or Food Processor License:

1. How many birds will you process in a calendar year?
2. Do you want to sell whole birds?
3. Do you want to sell to retail markets such as restaurants, grocery stores or at farmers markets?
4. Do you want to sell outside of Washington State?

	WSDA Special Poultry Permit	**WSDA Food Processor License**	**USDA FSIS Inspected Facility**
Number of Birds? (per year)	up to 1,000	up to 20,000	unlimited
Whole or processed (into cuts, frozen, etc)**?**	whole only	whole or processed	whole or processed
Marketing?	direct to end consumer	direct and retail	direct and retail
Sales allowed outside of Washington State?	NO	NO	YES

WSDA Special Poultry Permit

Farms selling less than 1,000 slaughtered poultry of any species in a calendar year may operate with a WSDA Special Poultry Permit[1]. This permit allows the farm business to sell processed whole birds within 48 hours of slaughter.

Poultry must be sold fresh. This permit does not allow further processing, parting out, vacuum sealing or freezing.

[1] The Special Poultry Permit was formerly known as the "Temporary Permit to Slaughter Pastured Chickens." The Special Poultry Permit came into effect in July 2009. This permit now includes **all** poultry (not just pastured chickens).

Whole birds are sold only from the property of the Washington farm where the poultry was raised and processed. The birds must be sold directly to the end consumer and the customer must pick up the birds at the farm.

This permit does not allow farms to sell processed poultry at farmers markets, direct to restaurants or grocery stores, or ship processed birds via the mail or other service.

The WDSA's "Handbook for Special Poultry Permit to Slaughter, Prepare and Sell Whole Raw Poultry" is a really great place to start. This resource includes over twenty FAQ covering everything from record keeping to composting offal. www.agr.wa.gov/FoodAnimal/TempChickenSlaughter/Handbook.aspx.

How to Get the WSDA Special Poultry Permit

The first step is to contact Food Safety and discuss your plans with an inspector. Food safety inspectors are a terrific resource and wealth of knowledge on how to ensure that the processing set up and practices meet state standards. You will then need to submit an application to the WSDA Food Safety Program. The key is to apply early to give Food Safety enough time to work with you.

For many, the most challenging aspect of the application is the "Slaughter/Preparation Site Diagram" and "Detailed Processing Steps or Flow Diagram." To avoid confusion with your food safety application, be sure to include as much detail into these diagrams as possible. The major steps involved (e.g. kill, scald, pluck, eviscerate, rinse, and chill) MUST be included in the flow charts, and any additional layers of detail will help to ensure a smooth licensing process.

Once the Food Safety Program has received the application, a trained WSDA food safety inspector will come to the farm to verify that the facility, slaughter and processing is done in compliance with state food safety requirements. Inspections include an evaluation of personnel, grounds, butcher facility construction and design, sanitary operations, pest control, sanitary facilities and controls, equipment and utensils, processes and controls, labeling and licensing. Preventing overhead contamination, having food grade surfaces, and chilling tend to be key areas of concern.

It is best to schedule your inspection on a day when you can do a dry run. Not having customers on farm the same day gives you time to address any issues. Your inspector will give you the green or red light. Once approved, your certificate will be mailed to you.

The permit application asks for your projected slaughter dates. You must provide prior written communication of slaughter date additions or deletions to the Food Safety Program at least one week before the change.

To avoid a backlog, please apply for and obtain the permit at least 6 weeks before your first slaughter date.

The fee for this permit is $75.00 for one calendar year (January 1 to December 31) or $125.00 for two years. The two-year option was introduced and approved in July 2009.

An applications and more information is available online at www.agr.wa.gov/FoodAnimal/FSP or call (360) 902-1876 or email foodsafety@agr.wa.gov.

WSDA Food Processor License

There are three main reasons a farm would require a WSDA Food Processor License to process poultry. The farm is planning to:

1. Process between 1,001 and 19,999 birds a year; **OR**
2. Sell to retail markets; **OR**
3. Process further (i.e. cut into pieces), freeze or otherwise alter poultry.

The WSDA Food Processor License allows farms to process **up to** 19,999 meat poultry. You can process less than 1,000 with the Food Processor License. However, if you are planning to process 1,001 up to 19,999 in a year, then

you are required to get the Food Processor License.

One of the key benefits is that the Food Processor License allows farms to sell processed poultry directly from the farm, at farmers markets, on the Internet, to hotels, restaurants, food service institutions, grocery stores, or through wholesale food distribution in Washington State.

The Food Processor License allows poultry to be further processed, for example breaking down the whole bird into individual cuts (or "parted out") or freezing. The license also allows vacuum sealing if the product will be frozen.

This permit does not allow out of state sales.

How to Get the WSDA Food Processor License

To get a WSDA Food Processor License, visit food safety online "food processor" overview. It is available online at www.agr.wa.gov/FoodAnimal/FoodProcessors or by calling (360) 902-1876 or by email foodsafety@agr.wa.gov.

Like the Specialty Poultry Permit, producers should start by contacting the WSDA Food Safety Program to discuss your plans (contact information below). You will need to submit an application to the WSDA Food Safety Program. The application includes a Sanitation Schedule, Intended Type of Process (#12 is poultry butchering), Ingredient/Processing Information, a Floor Plan of where you will be processing poultry, Proposed Labeling, questions about your Water Supply and Testing. Allow extra time for getting your water system approved for your facility, as this can take weeks and/or months.

Applications are available online at www.agr.wa.gov/FoodAnimal/FSP or call (360) 902-1876 or email foodsafety@agr.wa.gov. There is also a fee due with the application. The fee is based on sales volume and starts at $55.00 per year for gross sales up to $50,000.

WSDA Food Processor License Fee Schedule

If gross annual sales are:	The license fee is:
$0 to $50,000	$ 55.00
$50,001 to $500,000	110.00
$500,001 to $1,000,000	220.00
$1,000,001 to $5,000,000	385.00
$5,000,001 to $10,000,000	550.00
Greater than $10,000,000	825.00

Once Food Safety reviews your application, a local Food Safety Officer will contact you within 4 to 6 weeks. He or she will need to inspect your processing site to ensure it meets all the state requirements and to answer any questions.

WSDA Poultry Processing Facility and Water Requirements

The Special Poultry Permit and Food Processor License have different requirements for facilities, lighting, bathrooms and water (from private wells). The sanitation and cooling and refrigeration requirements are the same.

WSDA Special Poultry Permit

Facilities

No permanent building is required.

Protection from overhead, side and ground contamination is required. When insects, dust, mud, pests, or other contamination is likely to occur, a temporary set up including tarps, canopies, floor mats, etc., may be used. A grassy, clean and pesticide-free pasture could qualify. If there is no potential for overhead/ground contamination, the entire slaughter processing, and bagging operation could occur outside.

At least one hand washing station must be accessible on site (temporary options are available).

Lighting

Lighting only needs to be provided if slaughtering at night or in low light conditions.

Bathroom

At least one toilet must be available and conveniently located at the poultry slaughter site. This can be an adequate home bathroom.

Water

Public or municipal water supplies meet requirements for potable water.

If you are on a private well, your local or county health department or Washington State Department of Health (DOH) must approve the water source. Water source approval means the structure used to deliver the water must meet the State DOH requirements for potable water.

Additionally the water must have a passing bacterial test conducted within 60 days previous to permit application.

Potable water may be hauled into the processing site as long as the water is safe and sanitary. The transport vessel that is used must be capable of maintaining the sanitary quality of the water.

Please see Attachment C "Water Supply Requirements" of the Special Poultry Permit application for detailed information.

WSDA Food Processor License

You must have a separate facility dedicated to the commercial processing operation only. Your home kitchen cannot serve as this facility; however, your separate processing facility may be located in your home.

Slaughtering and plucking may occur outdoors in a covered area.

Facilities

The rest of the processing must occur indoors. Specific requirements include:

- Equipment, worktables and counters must be in good repair and have surfaces that are easily cleaned and non-corrosive.
- Floors must be made of material that can be cleaned and must be in good repair. Typically vinyl linoleum or tile floor coverings are sufficient for small operations where vacuuming and wet mopping provide sufficient clean up. *Unfinished wood floors are NOT suitable in any areas.*
- Walls must be covered with a washable, non-porous, non-corrosive, smooth material that will not deteriorate when it gets wet.
- Sinks may be 3-compartment or 2-compartment; please check with your inspector. Food handlers must have access to one or more hand washing facilities with hot and cold running water, soap, single service towels, and hand wash signs.

Lighting

Adequate lighting must be provided and be shatter-proof. The fixtures should be located above equipment or areas where food is exposed.

Bathroom

An adequate home bathroom is sufficient if only family members work in the processing facility. When a processor hires anyone outside of the immediate family to process poultry, then a separate bathroom is required.

Water

Public or municipal water supplies meet requirements for potable water.

If you are on a private well, you will need to meet Washington State Department of Health's requirements for a Group A or B water system. The system required will depend on the number of employees and the number of days you operate.

Please see Attachment E "Water Supply Testing Requirements" of the Food Processor License application for detailed information.

Sanitary practices for both Specialty Poultry Permit and Food Processor License

Hand washing is critical to food safety, regardless of your permit or license. Hands must be washed thoroughly before starting *and* between each preparation step as well as after every break. At least one hand washing station must be accessible on site (see above).

Cooling and refrigeration requirements for both Special Poultry Permit and Food Processor License
Processed poultry must be cooled to 45 degrees Fahrenheit within four hours of slaughter (unless they are sold within four hours). Producer will need to demonstrate the availability and efficiency of your equipment -- coolers, boxes, refrigerators, freezers (only for Food Processor License), etc -- for storage and transport prior to permit or license approval.

When poultry is processed, a temperature control must be used to monitor slaughter cool down temperatures to ensure proper chilling. A calibrated thermometer inserted into the first bird slaughtered and then monitored will work. You must record this cooling time.

Co-packing under the WSDA Food Processor License

The Poultry Products Inspection Act's (PPIA) "exemption to the exemption" can be requested by a WSDA licensed facility to process birds from multiple producers (also known as co-packing). It states: "The facility used to slaughter or process the poultry is not used to slaughter or process another person's poultry unless the Administrator of FSIS grants an exemption [PPIA Section 464(c)(3); Title 9 CFR 381.10(b)(2)]."

The term "exempt" means that certain types of poultry slaughter and processing facilities may qualify to operate without daily Federal inspection or a grant of Federal inspection. Such facilities are exempt from continuous bird-by-bird inspection and the presence of inspectors during the slaughter of poultry and processing of poultry products.

However, a facility operating under such an exemption must still comply with all other requirements of the PPIA and all facilities slaughtering or processing poultry for human use, including exempt operations, must produce products that are not adulterated or misbranded.

All poultry processed under any exemption of the PPIA and offered for sale must have a label with the producer's name, producer's address, and the statement, "Exempt P.L. 90-492." If the poultry is processed by another facility operating under this exemption, the label must state that the bird was processed by that facility and distributed by the producer of the bird.

To request an exemption to the PPIA, contact the regional **USDA Food Safety & Inspection Service District Office** in Denver at (303) 236-9800 or www.fsis.usda.gov.

Mobile Poultry Processing Units

Mobile Poultry Processing Units (MPPUs) are allowed to operate in the state of Washington. MPPUs can be a feasible way for small producers to process poultry and share in the cost of the facility with other producers. The mobile unit must meet regulatory requirements for a WSDA Licensed Food Processing facility. It must be fully enclosed; however, killing and plucking can occur, under cover, outside of the unit. Each producer using the mobile unit must obtain a WSDA Food Processor License and can process up to 19,999 birds, each, per year.

The first WSDA-licensed Mobile Processing Poultry Unit serves Ferry and Stevens Counties and was a joint project of Community Agricultural Development Center (CADC) and WSU Stevens Country Extension. For more information contact Al Kowitz with CADC at (509) 499-1360 or go to: www.communityagcenter.org/Poultry%20Unit.htm. Additional information from WSU Stevens County Extension is at http://stevens.wsu.edu/Agriculture/poultryproject.htm.

The Puget Sound Meat Producers Cooperative is planning to add poultry processing to their MPU in the spring of 2010. Please check their website at www.psmpc.com for updates or contact Cheryl Ouellette at (253) 278-3609.

USDA Inspected Poultry Processing Facilities in Washington

USDA inspection is required for businesses that slaughter and process 20,000 or more birds per year and/or sell their birds outside of Washington State. Please contact the USDA Food Safety and Inspection Service for more information.

> **USDA Food Safety & Inspection Service District Office (for Washington)**
> Denver Federal Center, PO Box 25387, Building 45, Denver, CO 80225
> (303) 236-9800 or www.fsis.usda.gov

The FSIS has a listing of USDA inspected plants online that is updated monthly; search for "poultry inspection directory" from the FSIS home page. You should find a "Meat, Poultry and Egg Product Inspection Directory." www.fsis.usda.gov/regulations_&_policies/Meat_Poultry_Egg_Inspection_Directory/index.asp.

A helpful publication to determine if a farm is exempt from USDA inspection, "Guidance for Determining Whether a Poultry Slaughter or Processing Operation is Exempt from Inspection Requirements of the Poultry Products Inspection Act" can be found at:
www.fsis.usda.gov/OPPDE/rdad/FSISNotices/Poultry_Slaughter_Exemption_0406.pdf.

Ratites and Rabbits

Large birds such as ostrich, emu, and rhea (ratites) can be processed in USDA inspected facilities or facilities that are licensed by WSDA as a Food Processor. Processors licensed by WSDA as a Food Processor may slaughter 19,999 or less large birds per year. These processors must apply to the USDA Food Safety and Inspection Service for exemption from inspection. Each bird or package for sale must be marked or tagged, "Exempted under PL 90-492" and include the name and address of the processor. For more information, please contact the WSDA Food Safety Program.

Rabbits are also allowed to be processed with a WSDA Food Processor License. There is no limit to the number of rabbits that can be processed with this License.

Selling and Labeling Certified Organic Poultry

If any operation makes organic claims (i.e. on a label, farm name, etc.) and it grosses over $5,000 annually, it must become certified by an accredited certifying agency. In the Northwest most producers either certify with the WSDA Organic Food Program or Oregon Tilth. In addition, Oregon's Department of Agriculture is now accredited to do organic certification.

Producers, who process their own birds and want to sell chicken labeled "Organic Chicken" (or turkey or duck, etc.), need to become both a certified organic producer and a certified organic processor. Organic producers may also label poultry products in this manner if they process their birds at a certified organic licensed slaughter facility.

Another option is to label the poultry "organically raised." In this situation, the grower must be a certified organic producer, but he or she does not need to be a certified organic processor. They cannot make organic claims on the processing of their products, but they can make claims to reflect the organic production methods employed when raising the animals.

Organic Label	Organic Certifications Required
"organic chicken"	Must be raised by a certified organic producer AND processed by a certified organic processor
"organically raised"	Must be raised by a certified organic producer

Please contact the WSDA Organic Food Program to discuss your plans before you start advertising or labeling anything as "Organic." They can be reached at (360) 902-1805 or organic@agr.wa.gov or www.agr.wa.gov/FoodAnimal/Organic.

Requirements for Selling Poultry at Farmers Markets and Farm Stands

Janelle Stokesberry holding a chicken and a dozen eggs from Stokesberry Sustainable Farms in Olympia. Photo copyright 2009 by Zachary D. Lyons.

Poultry meat sold at farmers markets or farm stands needs be processed by a licensed WSDA Food Processor.

The local health department sets the rules for the retail selling of meat and poultry products at farmers markets and farm stands in their jurisdiction (usually a county).

Rules vary from jurisdiction to jurisdiction. Some health departments allow fresh meat (whether chicken or red meat) if it is under mechanical refrigeration at 38° F. Some allow only frozen products in coolers that maintain solid frozen product at markets. Both options require producers to have permits from local health departments. Be aware that some health departments require a different permit for each different market site or day.

Permits range from $25.00 per season to $600 per season. Check with the health department early on to find out what options are available and the associated costs because permitting can take time.

All farmers markets will require that producers have the proper state and county licenses and permits to sell products. In addition, ask the market manager for electricity and voltage specifics before buying an electrical refrigeration unit.

To find one of the more than 110 member markets of the Washington State Farmers Market Association go to: www.wafarmersmarkets.com or call (206) 706-5198.

Poultry Processing Equipment Lending Programs

In recent years, several new programs have emerged to lend poultry processing equipment to producers for a small fee in Washington. Most of these programs provide a large, thermostatically-controlled scalder, a drum picker or plucker and kill cones. In most cases, the producer is required to provide propane, water, electricity, and all other required equipment.

Below is contact information for current Poultry Processing Equipment Lending Programs:

Mason County and Surrounding Counties
Mason County Small Farms Program
WSU Mason County Extension in Partnership with Mason Conservation District
450 W. Business Park Road
Shelton, WA 98584
(360) 427-9436 Ext. 14
kworkman@wsu.edu
http://mason.wsu.edu/smallfarms
Contact: Kirsten Workman

Thurston County and Surrounding Counties
Thurston Conservation District
2918 Ferguson Street SW, Building 1, Suite A
Tumwater, WA 98512
(360) 754-3588
mailto:tcd@thurstoncd.com
www.thurstoncd.com
Contact: Tony Riccardo or Brian Thompson

Island, San Juan, Skagit, Snohomish, and Whatcom Counties
Northwest Agriculture Business Center
419 South 1st St, Suite 200
Mt. Vernon, WA 98273-2924
(360) 336-3727 or (888) 707-2021
info@agbizcenter.org
www.agbizcenter.org
Contact: Jake Fowler

Whatcom County
Whatcom Pastured Poultry Group
5050 Graveline Rd.
Bellingham, WA 98226
(360) 384-4821
maczuga@clearwire.net
Contact: Terry MacGuza

Benton County and Surrounding Counties
CG Ranch
22207 W Gerrick Rd
Benton City, WA 99320
(509) 723-1621
russstaska@netscape.net
Contact: Russ Staska

Helpful Resources on Poultry Processing

American Pastured Poultry Producers Association: www.apppa.org

Chicken Tractor Designs: www.puyallup.wsu.edu/soilmgmt/SusAg_PoultryCages.htm

Featherman Video Demos: www.featherman.net/videodemos.html

National Sustainable Agriculture Information Service: www.attra.ncat.org

Niche Meat Processors Assistance Network: www.nichemeatprocessing.org

Sustainable Poultry: www.sustainablepoultry.ncat.org

WSDA Food Safety Program: http://agr.wa.gov/FoodAnimal/FSP

WSDA Organic Food Program: http://agr.wa.gov/FoodAnimal/Organic

WSDA Small Farms and Direct Marketing Program: http://agr.wa.gov/Marketing/SmallFarm

Washington State University Small Farms: www.smallfarms.wsu.edu/animals/poultry.html

Washington State University Organic Farming Systems & Nutrient Management - Pastured Poultry: www.puyallup.wsu.edu/soilmgmt/SusAg_PasturedPoultry.htm

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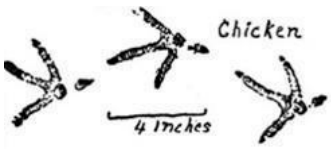
Recommended Fact Sheets: Eggs, Food Processing, Licensing, Meat

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.



There is a growing demand for "niche meats" which creates new opportunities for producers who raise natural, pastured or grass-fed, organic, or local meat. Unfortunately, accessing meat processing facilities and selling meat can be a significant challenge.

In this fact sheet you will find information on:

- meat processing overview;
- WSDA custom meat processing;
- USDA inspected meat sales;
- USDA inspected mobile processing units;
- exotic and game animals;
- Health Department Rules for selling meat at farmers markets or farm stands; and
- Food Storage Warehouse License.

Please see "Poultry Processing and Marketing Regulations" fact sheet for information on poultry meat and processing options, including large birds such as ostrich and rheas.

Meat Processing Overview

Meat processing in the United States is regulated by the Federal Meat Inspection Act. This Act covers processing cattle, sheep, swine, and goats and in some situations also includes exotic animals, game animals and ostrich, emu, and rhea raised for meat. In order to meet the federal requirements, animals must be processed at plants inspected by the USDA Food Safety and Inspection Service (FSIS). Unfortunately, it is difficult for small producers to access these federally inspected plants. The other option is to have your animals processed by utilizing a WSDA licensed Custom Meat Slaughter and Processing Facility, also known as "custom exempt."

	WSDA Custom Exempt	**USDA FSIS Inspected Facility**
What can be sold	quarter, half, or whole animal	whole, primal, or processed into cuts
Marketing options	direct to end consumer only	direct and retail
Sales allowed outside of Washington?	NO	YES

WSDA Custom Exempt Meat Processing

The WSDA Custom Meat Program licenses persons that slaughter or process uninspected meat animals for the sole consumption of the owner. In order to meet this requirement, producers sell live animals by weight (live weight) directly to the end consumer. Animals are generally sold in whole, halves, or quarters. The producer contracts with a WSDA licensed custom slaughterer (mobile truck or fixed facility) for on farm kill of the animal already sold.

Be sure to get your butcher dates well in advance to secure your slaughterer and to ensure there is space at the cut and wrap facility on the same day. August through December is a butcher's busiest season.

Once clean, the carcass is tagged and delivered to a WSDA licensed custom meat facility for aging, cutting and wrapping, and freezing. Individual customers must call the facility with directions on how to cut the carcass. Customers make arrangements to pick up their meat.

Custom slaughtered meat is "uninspected" because it is not processed in a USDA inspected facility and cannot be resold. All packaged meat must be labeled 'not for sale'. Only the owner of the animal and their immediate family or non-paying guests can consume it. It cannot be sold at farmers markets, to restaurants, or to grocery stores. It also cannot be donated to food banks.

For a list of WSDA licensed custom slaughter and custom meat processing facilities visit WSDA Food Safety Program at http://agr.wa.gov/FoodAnimal/CustomMeats/ or email foodsafety@agr.wa.gov or call (360) 902-1876.

USDA Inspected Meat Sales

USDA inspection is required to sell meat from livestock and animal products (as opposed to live animals) through retail outlets, by the cut, or across state lines. Producers must have the animals slaughtered and processed in USDA inspected facilities. Some facilities require a minimum head number or work only on contract, and many process only beef. The major benefit of meat processed at USDA inspected facilities is that it may be sold at farmers markets, to restaurants and to other retail outlets.

For information regarding USDA Inspected facilities in the Pacific Northwest, contact **USDA Food Safety and Inspection Service District Office** (for Washington) in Denver, Colorado at (303) 236-9800 or visit www.fsis.usda.gov.

USDA Inspected Mobile Processing Units

USDA Inspected Mobile Processing Units (MPU) meet all of the requirements of a USDA fixed plant and the meat may be sold through retail outlets, by the cut, or across state lines. The difference is that animals are slaughtered on farm, reducing the need to transport them to a slaughter facility. USDA Inspected MPU's can provide processing where fixed facilities are not available to small or non-contracted farmers. Carcasses are then taken to a USDA inspected fixed facility for aging, cutting and packaging.

Washington currently has four red meat MPUs in operation.

> **Island Grown Farmers Co-op** (IGFC) provides USDA-inspected mobile animal slaughter services to its members in San Juan, Whatcom, Skagit, Island and Snohomish counties. Cut and wrap, storage and some retail sales services are provided at IGFC's facility in Bow. For more information visit www.igfcmeats.com, or email info@igfcmeats.com, or call (360) 766-4273.
>
> The **Puget Sound Meat Producers Cooperative** is a non-profit cooperative of local ranchers, farmers, butchers, restaurant owners and others that operates a USDA-inspected MPU serving King, Kitsap, Lewis, Mason, Pierce, Thurston and Clallam Counties. For more information, visit www.psmpc.com, email psmpc@pugetsoundmeat.org or call (253) 278.3609.
>
> **Smokey Ridge Meats** in Chewelah is also a USDA Processor. The Community Agriculture Development Center owns a USDA stationary mobile processing unit where animals can be slaughtered and then processed at Smokey Ridge meats which is USDA inspected.
>
> **Thundering Hooves** has a privately owned MPU that serves the Walla Walla area. For more information, visit www.thunderinghooves.net/meats/processing.htm or contact them via email info@thunderinghooves.net or by calling (866) 350-9400.

Exotic and Game Animals

Exotic animal meat (e.g. buffalo or game animals) can be sold within Washington State when slaughtered and processed at a WSDA Custom Exempt Meat Processing facility or at a USDA inspected plant. To sell exotic animal meat outside Washington State, animals must be processed at a facility that has a USDA grant of inspection for that particular species.

Hunters' game animals can be custom processed by a licensed WSDA Custom Exempt Meat Processing facility. They cannot be sold.

Elk and deer farms are not allowed in the state of Washington. The Washington Department of Fish and Wildlife prohibits the transport of elk and deer into Washington for processing.

Pigeons (squab) are considered "poultry" under the jurisdiction of USDA Meat Inspection Program. WSDA has jurisdiction under Custom Meat only where the bird is slaughtered and processed in a custom meat facility and then returned to the owner of the animal.

Rabbits can be processed at WSDA licensed poultry processing facilities. See the Poultry Fact Sheet for more information.

Health Department Rules for Selling Meat at Farmers Markets or Farm Stands

Only USDA inspected meat can be sold at farmers markets, farm stands or restaurants.

In addition, the local health department sets the rules for selling retail meat and poultry products at farmers markets and farm stands in their jurisdiction. Rules vary from jurisdiction to jurisdiction. Some health departments allow fresh meat sales (chicken or red meat) if it is under mechanical refrigeration held at 38° F or below. Some allow only frozen products in coolers that maintain solid frozen product at markets. Both options require producers to have permits from the local health department.

Be aware that some health departments require separate permits for each market site or each day. Health Department permits range can from $25.00 per season to $600 per season. Check with the health department early on to find out what options are available and the associated costs because permitting can take time.

All farmers markets will require that producers have the proper state and local licenses and permits to sell products. In addition, ask the market manager about the electricity and voltage availability before buying an electrical refrigeration unit.

To find one of the more than 140 member markets of the Washington State Farmers Market Association go to www.wafarmersmarkets.com or call (206) 706-5198.

Food Storage Warehouse License

To commercially store perishable foods, such as meat, a Food Storage Warehouse License is needed for your facility. This facility can be a separate freezer or refrigerator (not your household freezer) and must be located away from a domestic kitchen, such as in a barn or garage. Temperature logs must be maintained and the facility is subject to inspection.

This license enables farmers to store USDA meats for later sale. It also allows farmers to provide a service to customers and lease refrigerator or freezer space to consumers for items that require substantial storage space. This license is $50.00 annually and expires on March 31 of each year.

For more information call (360) 902-2095, email foodsafety@agr.wa.gov or download an application at: http://agr.wa.gov/FoodAnimal/FoodStorage/docs/ApplicationForFoodStorageWarehouseLicense.pdf.

Recommended Fact Sheet: Poultry Processing and Marketing Regulations

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Both State and local agencies have jurisdiction over the sale of fish directly to the end consumer. In addition to the state requirements below, businesses selling fish or shellfish must be inspected and obtain licensing and food worker permits from the local County Health Department. Contact your county health department for specific information.

This fact sheet includes:

- Washington State fish and shellfish licenses;
- selling at farmers markets;
- fish processing and HACCP; and
- aquatic farms.

Washington State Fish and Shellfish Licenses

Fish

A Washington State Department of Fish and Wildlife (WDFW) license is required for any commercial enterprise to catch and sell fresh, raw fish.

The following licenses are available:

Anadromous Fish Buyer/Dealer License
Cost: $180.00/year. Authorizes the purchasing or selling of steelhead, trout and other anadromous game fish harvested by treaty fishermen lawfully exercising fishing rights.

Direct Retail Endorsement License
Cost: $50.00/year. Allows a fisherman to land and sell his or her catch or harvest in Washington State to anyone other than a licensed wholesale dealer. The fisher must have a salmon, crab or sturgeon license to be eligible for this endorsement.

Fish Buyer License
Cost: $95.00/year. Authorizes the buying and selling of food fish and shellfish at wholesale by representative of a wholesale dealer.

Wholesale Fish Dealer License
Cost: $250.00/year. Required for any Washington State business engaging in the commercial buying or processing of food fish or shellfish, including:

- custom canning and/or processing of personal use food fish or shellfish;
- wholesale buying and/or brokering of food fish or shellfish;
- commercial manufacturing or preparation of fertilizer, oil, meal, caviar, fish bait or other by-products from food fish or shellfish; and
- a business employing a fish buyer.

For applications or more information on these licenses contact Washington State Department of Fish and Wildlife License Division at http://wdfw.wa.gov/licensing/commercial, or email commercialsales@dfw.wa.gov, or call (360) 902-2464.

Shellfish

A variety of shellfish are harvested in Washington's Puget Sound and coastal regions, including oysters, clams, mussels, geoduck, and scallops. These are filter feeders capable of concentrating chemicals, bacteria, viruses, or marine biotoxins. To protect consumers, commercial shellfish growing areas, certified harvest sites, and licensed processing facilities are monitored by the Washington State Department of Health (DOH).

Fishers and/or Shellfish farmers that harvest or sell molluscan shellfish (clams, oysters, mussels, and/or scallops) for human consumption are required to obtain a:

- Washington State Master Business License);
- Washington State Department of Health (DOH) Commercial Shellfish License; **and**
- Washington Department of Fish & Wildlife (WDFW) Aquatic Farmer Registration.

There are three major types of commercial shellfish operations licensed by DOH:

- harvesters who harvest shellstock (live, unshucked product) and sell only to other licensed Washington State shellfish dealers;
- shellstock shippers who grow and harvest shellstock, and buy and sell in or outside Washington; and
- shucker-packers whose activities may include those of harvesters and shellstock shippers, plus shucking product for packing in jars or similar containers.

Commercial shellfish operations are licensed for a period of one year, and licenses must be renewed annually. All operations must meet stringent state and federal sanitation standards, and are regularly inspected by the Department of Health.

To obtain a commercial shellfish license, please contact DOH Office of Shellfish and Water Protection at (360) 236-3330.

For a list of Washington licensed shellfish companies go to: www.doh.wa.gov/ehp/sf/Pubs/sf-co-alpha.pdf

For more information and licensing and permit applications contact Washington State Department of Health Office of Shellfish and Water Protection Program at 360-236-3330, or visit www.doh.wa.gov/ehp/sf/commercial.htm and/or Washington State Department of Fish and Wildlife License Division at http://wdfw.wa.gov/licensing/commercial, email commercialsales@dfw.wa.gov, or call 360-902-2464.

Selling at Farmers Markets

Fishers and shellfish farmers that wish to sell shellfish at farmers markets must obtain a **Retail Food Establishment License** from their local county health department. Information about this license is available in the Licensing Fact Sheet.

If shellfish are further processed (e.g., shucked, smoked, cooked, cut, frozen), a WSDA Food Processor License is also required. See Processed Foods Fact Sheet. Any fish or shellfish to be displayed on ice must have fresh ice made from potable (drinkable) water.

Fish Processing and HACCP

If you cut, clean, freeze, smoke, cook or otherwise prepare fish or fishery products for sale, you are a fish processor and will need to obtain a Food Processor License from WSDA. Visit http://agr.wa.gov/FoodAnimal/FoodProcessors, email foodsafety@agr.wa.gov, or call (360) 902-1876. A WDFW Wholesale Fish Dealer's License is required for commercial fish processors (see Fresh, Raw Fish section above).

Food safety hazards can be introduced when handling raw fish and shellfish as well as when processing fish or shellfish. State and federal laws require that all handlers and processors assess their operations to identify any food safety hazards that are not addressed by Standard Sanitation Operating Procedures (SSOPs). If after conducting a hazard analysis, one or more food safety hazards are still present, you are required to develop and implement a Hazard Analysis Critical Control Point (HACCP) Plan that is species and process specific for your operation.

Two different agencies regulate fish and shellfish HACCP requirements.

For **fresh, raw fish and processed fish and shellfish product**, contact WSDA Food Safety Program at (360) 902-1876 or http://agr.wa.gov/FoodAnimal/FoodProcessors/HACCP.aspx.

For **fresh, molluscan shellfish**, contact Washington State Department of Health Office of Shellfish and Water Protection Program at 360-236-3330, or visit www.doh.wa.gov/ehp/sf.

Aquatic Farms

An aquatic farm is "any facility or tract of land used for private, commercial culture of aquatic products." This includes commercial culture of salmon, trout, oysters, clams, and aquatic plants, as well as U-catch trout ponds, ornamental fish growers, fish and shellfish hatcheries, etc. Anyone who raises aquatic products for eventual sale must register the aquatic farm with the Washington State Department of Fish and Wildlife. Operations where wild-caught finfish or shellfish are held temporarily, prior to sale, are excluded. Before an Aquatic Farm Registration card will be issued, a Department of Health beach certification number must be submitted for beaches used for the commercial harvest of bivalve shellfish. No fee is charged for this registration. Contact the Washington State Department of Fish and Wildlife License Division at http://wdfw.wa.gov/licensing/commercial, email commercialsales@dfw.wa.gov, or call 360-902-2464.

Recommended Fact Sheet: Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Prepared foods are very popular components of farmers markets, farm stands and other direct marketing strategies. Farmers markets now have local vegetables featured on pizza, in seasonal soups, and soft fruit and berry smoothies for sale.

Foods and beverages that are ready to eat where they are served are classified as "prepared foods" and the business is providing "food service." Such items include salads, soups, pies, hamburgers, fruit smoothies, fresh pressed cider, and more. There are some exemptions to this rule (described below).

This fact sheet covers the regulations for prepared foods and food service, including:

- licensed Retail Food Service Establishments and commercial kitchens; and
- exemptions to the Retail Food Service Establishment license.

Licensed Retail Food Service Establishments and Commercial Kitchens

In order to sell prepared food and food service items at a farmers market, on-farm, or any other location, they must be prepared by a licensed Retail Food Service Establishment or in a commercial kitchen. The Retail Food Service Establishment license is issued by the local county Health Department. This license certifies that a commercial kitchen was used to prepared foods. All workers in a retail food establishment must have their Food Handlers Permit issued from the County Health Department and available for inspection at the workplace.

In addition to licensing, local health departments also inspect Retail Food Service Establishments in Washington State including restaurants, grocery stores, farmers markets and farm stands. Food service and preparation regulations are outlined in the Washington State Food Code (RCW 69.07 and WAC 246-215).

To find a local health department office near you or to get the food handlers permit study guide, please go to www.doh.wa.gov/ehp/food/localcontacts.html or call (888) 586-9427.

Exemptions to the Retail Food Service Establishment License

Businesses that only serve the following items may be exempt from licensing from the Retail Food Service Establishment License:

- individual samples of sliced fruits and vegetables;
- popcorn and flavored popcorn;
- corn on the cob;
- roasted nuts and roasted candy-coated nuts;
- deep-fried, commercially rendered pork skins prepared for immediate service;
- caramel apples;
- cotton candy;
- machine crushed ice drinks; and
- chocolate dipped ice cream bars and bananas processed in an approved facility.

You must apply for the exemption through the local Health Department. Contact your local Health Department for a complete and updated list of exempt items.

Recommended Fact Sheets: Licensing, Food Processing, and Regulations for Specific Items, as appropriate

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

"Food processing" is defined in RCW 69.07 as "the handling or processing of any food in any manner of preparation for sale for human consumption." This can be confused with "prepared foods." The difference is that "prepared foods" are defined as foods prepared on the site where they are served for consumption.

"Food processing" includes common practices such as putting cleaned lettuce into packaged, ready to serve salad mix, or freezing blueberries in five pound plastic bags. Both of these items are prepared in advance of the sale and not eaten on site. Food processing enterprises are required to follow several WSDA regulations.

This fact sheet includes:

- products and processes requiring a food processor license;
- county regulations;
- technical assistance from WSDA Food Safety Program;
- WSDA food processing facility requirements;
- labeling processed foods;
- commercial kitchens and co-packing at WSDA licensed processors; and
- insurance.

Products and Processes Requiring a Food Processor License

All businesses selling processed foods direct to the consumer at farmers markets, on-farm, or any other location must obtain a Food Processors license from the WSDA Food Safety Program.
Businesses with a WSDA Food Processors License are able to market processed foods in and out of state, with the exception of meat. Poultry, custom meat and exotic meat products processed by a licensed WSDA Food Processors can only be marketed in state.

As mentioned above, food processing means the handling or processing of any food in any manner of preparation for sale for human consumption. Therefore, processed foods include dried fruits, jams, salsa, sauces, cheese, dried herbs, teas, breads, cookies, cider, blended salad greens, and other examples. Food products that are processed for sale or distribution, and foods that are custom processed for another business, are also defined as processed foods.

In addition, processed foods include repacking foods that are taken from one container in an unwrapped state and transferred or repackaged in another container.

Fresh fruit or vegetables merely washed or trimmed while being prepared or packaged for sale in their natural state does not count as processed foods, according to the Food Safety Program.

Please see the following lists to help clarify what types of food processing require licensing and what processes are exempt. You need a WSDA Food Processor License if your process falls into the following categories:

- You cook, bake, freeze, slice, dehydrate, smoke, roast coffee beans, bottle water or repackage any type of food;
- You process/package food for someone else;
- You make shelf-stable, low acid canned food i.e.; canned vegetables, canned fish, retorted pouches (vegetable or fish), bread or cake in a jar and chocolate sauce;
- You further process finished dairy products (i.e. cheese cutting, flavored dairy products, frozen ice cream desserts);
- You process dietary or nutritional supplements that do not make health claims;
- You process food that contains no more than 2% cooked or 3% raw USDA meat ingredients by weight;
- You process poultry or wild game;
- You are a license Food Service retail bakery inspected by a local health jurisdiction and sell more than 25% of your gross sales off-site;

- You are a license Food Service Establishment (i.e. restaurant, caterer, grocery store, bar) and sell food products off-site - **this includes Internet sales; or**
- You are a licensed Winery or Brewery that produces non-alcoholic products.

You are **exempt** from needing a WSDA Food Processor License if your process falls into the following categories:

- You merely wash and trim a raw agricultural product and prepare or package for sale in their natural state (i.e. fruits and vegetables);
- You are licensed as a Food Service Establishment and 100% of your sales are on-site;
- You process honey and are licensed under RCW 69.28 Washington State Honey Act;
- You are an egg handler/dealer licensed under RCW 69.25 Washington Wholesome Eggs and Egg Products Act;
- You are licensed under RCW 16.49 Custom Meat Slaughter Act and do NOT process wild game or poultry;
- You handle shellfish and have a Certificate of Compliance under RCW 69.30 Sanitary Control of Shellfish Act; or
- You are licensed by the Liquor Control Board as a Winery and Brewery operation.

State regulations for food processing are outlined in the Washington Food Processing Act (RCW 69.07).

County Regulations

You can sell some types of processed foods within your county and direct to consumer via on farm sales or farmers markets if the county health department has licensed your business as a Retail Food Service Establishment. Contact your local County Health Department for further retail licensing information.

Technical Assistance from WSDA Food Safety Program

The WSDA Food Safety Program offers one-on-one technical assistance with the licensing process, your processing facility design and construction materials, utensil and equipment requirements, heating and cooling procedures, water source and cross-connections, pest control strategies, product labeling, and food science techniques for preventing cross-contamination of your food products.

You can contact the WSDA Food Safety Program to talk with your Food Safety Officer about the licensing requirements before submitting your licensing application. Call (360) 902-1876, visit http://agr.wa.gov/FoodAnimal/FoodProcessors, or email foodsafety@agr.wa.gov.

WSDA Food Safety will inspect the processing facility, food processing procedures, and product labeling for compliance with regulations. When approved and licensed, unannounced inspections will take place every six to twelve months. The Food Processor license expires on June 30 of each year, and must be renewed annually. The annual cost is $55 to $825, sliding scale, based on gross sales.

WSDA Food Processing Facility Requirements

The WSDA Food Safety Program has web pages highlighting everything you need to know to be a licensed food processor. For detailed information on food processor facility requirements go to http://agr.wa.gov/FoodAnimal/FoodProcessors or call (360) 902-1876.

To be a licensed WSDA Food Processor facility requires:

- home processor facility;
- bathrooms and hand wash sinks in home processor facilities;
- processing equipment, food process and equipment cleaning sinks;
- worktables and counters;
- floor, wall and ceiling materials;
- lighting;
- ventilation;
- water supply; and
- refrigeration.

Example of the Type of Information Available Online from WSDA Food Safety Program about Facility Requirements
(worktables and counters)

Worktables and counters must be in good repair and have surfaces that are easily cleaned and non-corrosive.

Recommended: Stainless steel and hi-impact, scratch-resistant plastic (Formica, Teflon, and thermal plastic) are recommended for most contact surfaces.

Satisfactory: Metal or finished wood is satisfactory.

Not Satisfactory: Unfinished wood frames, counter tops and shelves.

Exception: Hardwood tables used for bakery make-up tables.

Labeling Processed Foods

All processed foods sold direct to wholesale or retail must have labels on their packaging. This includes processed foods sold at farmers markets, on the Internet, to restaurants, or grocery stores.

The State of Washington food labeling requirements are based upon the Federal Fair Package and Labeling Act of 1966.

Creating labels for processed foods can be one of the most expensive start-up costs for new processed products. Contact the WSDA Food Safety program for technical assistance with food labels before printing.

Labels for processed food must meet all of the below requirements:

1. **Language**
   All information must be legible and in English; other languages may also be present, but English is required.

2. **Product identity**
   The common or usual name of the food product must be prominent on the principal display panel of the packaging (i.e. “pumpkin bread” on the front of the bread bag).

3. **Ingredient statement**
   Ingredients must be listed by their common or usual names in descending order of their prevalence by weight.

All ingredients must be listed in the ingredient statement with all subcomponents listed in parenthesis. For example: Butter (cream, salt, annatto). Subcomponent ingredients must also be listed in descending order.

Flour must be listed as type of flour, (e.g., wheat flour or spelt flour).

Font size of ingredient statement must be at least 1/16 of an inch as measured for the lower case "o".

Food products that include spices, flavorings and colorings as ingredients may designate these products as spices, flavorings and coloring (with the exception of certified colors such as FD&C Red No. 40 or Yellow #5, 6, etc.).

Food Allergens: The following common ("Big 8") food allergens must be declared as ingredients: peanuts, tree nuts, eggs, fish, crustaceans, milk, soy, wheat.

Other ingredients that can cause a reaction by certain sensitive individuals must also be declared on the ingredient statement, including FD&C Yellow No. 5, FD&C Yellow No. 6, sulfites and carmine/cochineal extract.

Consumers with food allergies depend on accurate product labeling to choose their food products. Companies may have to recall product if foods contain allergens that are not listed in the ingredient statement.

4. **Name and address**
   Labels must include the street address of the manufacturer, packer or distributor's principle place of business. In the case of farms, the manufacturer, packer and distributor could be an on farm licensed WSDA food processor.

   If the name given is not the actual manufacturer, it must be accompanied by a qualifying phrase that states the firm's relation to the product, e.g., "manufactured for" (company name and address) or "distributed by" (company name and address).

   Street address may be omitted if the business is listed in a current city or telephone directory. Company name, city or town, state, and zip code are still required.

   Phone numbers and Internet addresses can be added, but cannot be used instead of the name and address.

5. **Net Weight**
   The label also must have an accurate statement of quantity of the contents by weight in both U.S. Customary and metric values. This statement must appear within the lower 30 percent of the label panel, in lines generally parallel to the base of the package.

   The net weight must appear in conspicuous and easily legible boldface print or type in direct contrast to other matter on the package.

6. **Perishable Foods**
   Products with a projected shelf life of 30 days or less must state the pull date on the package label. The pull date must be stated in day and month, in a style and format that is easily understood by the consumer. If products require refrigeration before or after opening, such information must be on the label.

7. **Nutritional Value Information**
   Nutritional information is required on the label for most packaged and processed foods. Private businesses and universities provide this service for a fee. USDA has a free online nutritional information program at www.ars.usda.gov/ba/bhnrc/ndl.

Food produced by small businesses may be exempt from nutritional value labeling requirements. Contact Food Safety for exemption specifics.

Businesses selling a product that makes a nutrition claim (e.g. "Supplies 100% of daily recommended amount of Vitamin C!") are not exempt.

Contact the WSDA Food Safety Program for more information on labeling by visiting http://agr.wa.gov/FoodAnimal/FoodProcessors/packaginglabeling.aspx, emailing foodsafety@agr.wa.gov or calling (360) 902-1876.

Commercial Kitchens and Co-Packing at WSDA Licensed Processors

If you wish to process your farm produce but do not have the facilities or capital to invest in infrastructure, you may find a commercial kitchen that you can use. Some restaurants, community centers, and Grange halls, for instance, allow their facilities to be used for food processing.

Whether the commercial kitchen needs to be licensed by the county or WSDA depends on where you are selling your products.

If you are selling your products **within your county**, your county health department can license the commercial kitchen. Call your local county health department for locations of existing commercial kitchens.

If you are selling your processed food products **outside the county** via any commerce channels such as farmers markets, Internet, hotels, restaurants, or are processing a cheese product or low-acid canned foods, the commercial kitchen must meet WSDA requirements for food processing. Each business that processes food in a commercial kitchen must have a WSDA Food Processor License.

Another option for small producers is to have your products processed for you by a licensed WSDA Food Processor. The food industry term for this is "co-packer". This co-packer carries insurance, and usually charges per unit (pint/quart/etc.).

Labeling on these products must include the words: "Manufactured for…" or "Distributed by…" to designate the firm's relation to the product.

Insurance

Businesses selling processed foods should have adequate product liability insurance before selling the product. It can take time to find product liability insurance, so start early and talk to fellow farmers who produce something similar to find an insurance company that covers your product.

Recommended Fact Sheets: Insurance, Prepared Foods

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

One of the most regulated types of food businesses are those that produce and/or sell alcoholic beverages. Federal, state and local laws apply.

This fact sheet covers:

- Federal Basic Permit;
- state and local regulations; and
- requirements for selling at farmers markets.

Federal Basic Permit

According to federal law, every brewery, winery, and distilled spirits plant must have a Federal Basic Permit from the U.S. Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). The TTB website displays requirements for beer, wine, and distilled spirits production in addition to labeling, and tax regulations. Complete information and applications for the Federal Basic Permit are available at www.ttb.gov.

Once an application packet has been completed, returned, and approved, the TTB will inspect the facility. When the facility passes inspection, an appropriate permit (i.e., license to manufacture or wine seller's license) will be issued.

State and Local Regulations

Washington State licensing regulations for wineries, breweries and distilleries fall under "Alcoholic Beverage Control," RCW Title 66. Hard cider is classified as a wine in Washington.

The Manufacturers, Importers, and Distributors section of the Washington State Liquor Control Board (WSLCB) enforces state liquor laws and administrative rules applicable to breweries, wineries, and spirituous liquor manufacturers.

If you want to produce only alcohol-containing beverages, licensing for your facility is through the WSLCB. The WSLCB requires that WSDA Food Processor License standards be maintained.

If you process or manufacture a non-alcoholic beverage or other food products in addition to alcoholic beverages, then a WSDA Food Processor License is required as well as the WSLCB license.

In addition, the building structure and license(s) are subject to approval by the local municipality or county executive in addition to approval of the WS Liquor Control Board.

To get a WSLCB "Domestic Winery or Microbrewery License," go to the WSLCB Web site at http://liq.wa.gov/publications/masterapp_nonretail.aspx. Look in the "A Non-Retail Liquor License" section.

Licenses range from $75.00 to $2,000 depending on the size and nature of the operation. A Master Business License is required before obtaining a liquor license.

Requirements for Selling at Farmers Markets

As of July 2003, Washington State wineries and breweries are able to sell bottled wine and beer at qualifying farmers markets (RCW 66.24.240, 66.24.244, and 66.24.170). Qualifying farmers markets must have at least five participating farmer vendors selling their own agricultural products.

Wine sold at qualifying farmers markets must be made entirely from grapes grown in a recognized Washington

appellation or from other agricultural products grown in the state. Beer must be produced in Washington.

Once qualified, a farmers market will no longer be able to obtain a special occasion license that allows for beer/wine consumption at the market.

Both the qualifying farmers market and the winery or brewery must apply for approval through the WSLCB. The winery or brewery must submit an "Application for Added Endorsement" and the farmers market must submit an "Application for Farmers Market to Allow the Sale of Bottled Wine and/or Beer." Complete details follow.

The WSLCB requires that the farmers markets, wineries and microbreweries must be located in Washington State. The winery or brewery must have a valid domestic winery or brewery license, and must obtain a WSLCB "Application for Added Endorsement" for $75.00 per year available at: http://liq.wa.gov/publications/LIQ756-Appl-for-Added-Endorsement.pdf

This added endorsement requires that the business provide WSLCB a list of the markets that products will be sold at for the following month. This must include dates and times product will be sold. This endorsement allows to-go sales only; tasting and samples are not allowed.

Farmers Markets can apply to sell bottled wine and beer meeting the legal requirements by completing the new "Application for Farmers Market to Allow the Sale of Bottled Wine and/or Beer" available at http://liq.wa.gov/publications/LIQ127.pdf.

Alcoholic beverages sold at farmers markets that are members of the Washington State Farmers Market Association (WSFMA) must be produced from 95% Washington grown ingredients. For more information on WSFMA's rule visit their website at www.wafarmersmarkets.com.

For more information on selling wine or beer at farmers markets, and requirements for qualifying farmers markets, see the WSLCB Fact Sheet "Selling Wine and Beer at Farmers Markets" available at http://liq.wa.gov/publications/BeerWineFarmersMarkets.pdf, or call the Liquor Control Board's Licensing Division at (360) 664-1600.

Recommended Fact Sheets: Food Processing, Licensing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Personal care products fall into two categories: **dietary supplements** and **cosmetics**. Dietary supplements are products that are ingested, such as dried herbs, teas, tinctures, capsules, and tablets. These must meet regulatory requirements for processed foods as well as those listed below. Cosmetics are products that are applied to the human body for cleaning or body care.

Fresh culinary herbs are exempt from these regulations. Information on selling fresh herbs can be found in the Fresh Fruit and Vegetable Fact Sheet.

Washington State law abides by the federal food, drug, and cosmetic act and with the federal trade commission act that expressly outlaws the false advertisement of food, drugs, devices, and cosmetics. For more information, please see the Washington State Food, Drug, and Cosmetic Act (RCW 69.04) which outlines the regulations governing the sale of dietary supplements and cosmetics at http://apps.leg.wa.gov/RCW/default.aspx?cite=69.04.

In this fact sheet, we will review the regulations for:

- dietary supplements definition;
- dietary supplements safety and claims;
- labeling dietary supplements;
- definition of cosmetics;
- federal regulations for cosmetics; and
- cosmetics claims.

Dietary Supplements Definition

The State of Washington follows the Food and Drug Administration (FDA) definition of dietary supplements. These are considered products (other than tobacco) that are:

- Intended to supplement the diet that bears or contains one or more of the following dietary ingredients: a vitamin, a mineral, an herb or other botanical, an amino acid, a dietary substance used by humans to supplement the diet by increasing the total daily intake, or a concentrate, metabolite, constituent, extract, or combination of these ingredients; and
- Intended for ingestion in pill, capsule, tablet, or liquid form.

Dietary Supplements Safety and Claims

To manufacture a dietary supplement you are required to be licensed as a Food Processor with WSDA. The manufacturer is responsible for ensuring that the supplement is safe before it is marketed, as required by the Federal Dietary Supplement Health and Education Act of 1994. Private businesses offer testing services as do some public universities.

Claims may not be made about the use of a dietary supplement to diagnose, prevent, mitigate, treat, or cure a specific disease. For instance, statements such as "cures cancer" or "treats arthritis" may not be used. However, appropriate health claims authorized by FDA such as “calcium reduces the risk of osteoporosis" may be used if the supplement qualifies to bear that claim. The manufacturer may also describe a supplement’s effects on the structure or function of the body or the "well-being" achieved by consuming the dietary supplement.

Labeling Dietary Supplements

Dietary supplements must meet all labeling requirements for processed foods. See Food Processing Fact Sheet. In addition, dietary supplements need to be identified as a “dietary supplement” on the product label. Serving

size, calories, dietary ingredients, supplement facts and more can be found by the FDA defined specific labeling requirements and guidelines online at:
www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcfr/CFRSearch.cfm?CFRPart=101&showFR=1&subpartNode=21:2.0.1.1.2.3

Dietary supplements regulations are found under FDA Title 21 CFR Part 111 **Current Good Manufacturing Practice in Manufacturing, Packaging, Labeling, or Holding Operations for Dietary Supplements** at:
www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcfr/CFRSearch.cfm?CFRPart=111&showFR=1

For more information, please visit the WSDA Food Safety Program online at
http://agr.wa.gov/FoodAnimal/FoodProcessors or email foodsafety@agr.wa.gov or by calling (360) 902-1876.

Definition of Cosmetics

According to Washington law, the term "cosmetics" refers to:

- articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance, and
- articles intended for use as a component of any such article; except that such term shall not include soap.

Cosmetics include lotions, salves, lip balm, skin creams, and shampoos, as well as other cosmetic items.

Soap products consisting primarily of an alkali salt of fatty acid and making no label claim other than cleansing of the human body are not considered cosmetics.

Federal Regulations for Cosmetics

If you want to sell cosmetics such as lotion at a farmers market or other venue, you must comply with the following federal regulations:

- the Federal Food, Drug, and Cosmetic Act (FD&C Act),
- the Fair Packaging and Labeling Act (FPLA); and
- and follow rules set by the FDA (21 CFR 700-740, 21 CFR 73, 74 and 82).

Producers are not required to register manufacturing establishments or formulations with the FDA or make available safety data or other information before marketing their product.

Cosmetics Claims

Cosmetics may not carry a claim that the product treats or prevents a disease, or otherwise affects the structure or function of the body. Products that do carry this claim are considered to be drugs and require FDA approval. As with dietary supplements, cosmetics are required to follow federal labeling requirements. Certain cosmetics (such as shampoos and detergent bubble bath) are also required to bear specific warnings on their label. For more information contact the U.S. Food and Drug Administration Cosmetics Division at (888) 723-3366, email industry@fda.gov or visit www.cfsan.fda.gov/%7edms/cos-toc.html.

Recommended Fact Sheet: Food Processing

For further assistance or to make suggestions on how to improve this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2057 or (360) 676-2059.

Washington State Department of Agriculture Contacts

Agency Information..... (360) 902-1800

For additional contacts go to .....http://agr.wa.gov

Market Development .....(360) 902-1915

Small Farm Direct Marketing .....Olympia - (360) 902-2057

or .....Bellingham - (360) 676-2059

Farm to School Program .....(206) 256-6150

International Marketing .....(360) 902-1915

County Fairs.....(360) 902-1802

Food Safety & Consumer Services Division

Animal Health, Food & Dairy Laboratory .....(360) 753-2228

Dairy Nutrient Management Program .....(360) 902-1982

Food Safety .....(360) 902-1876

Organic Food Certification.....(360) 902-1805

Animal Services Division/State Veterinarian .....(360) 902-1987

Animal Health .....(360) 902-1878

Animal Identification .....(360) 725-5493

Avian Health.....(360) 725-5762

Livestock Brand Inspection .....(360) 902-1855

Plant Protection Services .....(360) 902-1908

Commission Merchants Program.....(360) 902-1857

Weights and Measures Program.....(360) 902-1822

Pest Program .....(360) 902-2070

Plant Services Program .....(360) 902-1922

Commodity Inspection Division .....(360) 902-1997

Fruit and Vegetable Inspection (GAP/GHP).....(360) 902-1833

Grain Inspection.....(360) 902-1921

Seed Inspection/Certification .....(509) 249-6950

Warehouse Audit .....(509) 533-2488

USDA Agricultural Statistics Service .....(360) 902-1940

WSDA
WASHINGTON STATE
DEPARTMENT OF AGRICULTURE

Small Farm & Direct Marketing Handbook

To receive additional copies of this handbook, contact:

WSDA Small Farm & Direct Marketing Program
P.O. Box 42560
Olympia, WA 98504
(360) 902-1926
smallfarms@agr.wa.gov

Or download from the WSDA Website:
http://agr.wa.gov/Marketing/SmallFarm/directmarketinghandbook.aspx