

PROPOSAL FOR COTTAGE FOODS HOME INDUSTRIES REGULATION

I LIHESLATORAN GUÅHAN 2027 (FIRST) Regular Session

Bill No. ?

Introduced by: Bistra Mendiola (R)

AN ACT TO ADD A NEW CHAPTER 25 TO DIVISION 2 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM COTTAGE FOOD FREEDOM ACT OF 2027; TO AMEND § 721157(b) OF CHAPTER 72, TITLE 11; TO AMEND §§ 24101 AND 24102 OF CHAPTER 24, TITLE 10; AND TO REPEAL AND REENACT § 24108 OF CHAPTER 24, TITLE 10, GUAM CODE ANNOTATED, ALL RELATIVE TO REGULATING HOME KITCHENS AS COTTAGE FOOD OPERATIONS, PROMOTING ENTREPRENEURSHIP, PRESERVING CULTURAL FOODS, AND ENSURING PUBLIC HEALTH.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Act shall be known and cited as "The Guam Cottage Food Freedom Act of 2027."

Section 2. Legislative Findings and Intent. As of early 2025, laws regarding home-based food businesses are experiencing significant expansion across the United States, with a record-breaking 36 bills across 21 states aimed at increasing sales caps and allowing more types of homemade food. I Liheslaturan Guåhan finds that the Guam economy is in decline and it has been deteriorating post Covid, by idle tourism arrivals. I Liheslaturan Guåhan finds further that many small business owners can generate revenue using their culinary talents performed within their homes, thus avoiding barriers to market entry. However, without adequate regulations, that is very difficult to achieve. Furthermore, Guahan's ancient island culture and modern economy provide meaningful grounds for cottage food businesses selling unique homemade food items, including, but not limited to traditional Chamorro recipes like guyuria and rosketti. Almost every U.S. state and territory, including the Commonwealth of the Northern Mariana Islands (CNMI) through its Cottage Food and Microenterprise Home Kitchen Operations Act of 2025, has adopted laws to support home-based entrepreneurs while protecting public health. Drawing from successful models in states like Alaska and California, as well as CNMI's emphasis on low-risk foods and home-cooked meals, this Act aims to stimulate entrepreneurial activity, preserve family recipes, and grow small businesses.

I Liheslatura further finds that many families currently sell homemade products informally to avoid regulatory burdens, limiting market testing and economic potential. By establishing a tiered system—Tier 1 for basic operations and Tier 2 for advanced, including home-cooked meals—this Act provides low-barrier entry while incorporating safeguards like mandatory training or certificates, enhanced labeling, and optional inspections. This balances freedom with safety, aligns with 2025 national and territorial trends (e.g., meal limits and microentrepreneur support), and exempts qualifying operations from full sanitation requirements under Chapter 24

of Title 10, Guam Code Annotated. The intent is to foster a "new economy" for Guam families, with provisions for ongoing review to ensure effectiveness.

Section 3. § 721157(b) of Chapter 72, Title 11, Guam Code Annotated, is amended to read: "(b) Home Industry License. Any person who does business as a home industry, including as a cottage food operation under The Guam Cottage Food Freedom Act of 2027, shall obtain a home industry license. The annual fee for a home industry license is Twenty-five Dollars (\$25.00) for each business licensable activity at each location. A person applying for a home industry license shall not be required to receive endorsements from the Department of Land Management, the Department of Labor, the Department of Revenue and Taxation, and from the Department of Public Works. However, *when the license is for food preparation*, the health certificate for persons handling food and the health certificate for the suitability of the place of preparation shall be required, except when the home industry meets the requirements under 10 GCA § 24102(d). For purposes of this Section, no person may qualify for a home industry license if he employs in his business persons other than family members or, in the case of Tier 2 operations under 10 GCA § 24108, one non-family employee, and if such business is not actually conducted in his own home or a leased kitchen controlled by the producer. A person qualifying for a home industry license under this Section may engage in the manufacture of products and wholesale sales without obtaining any other business licenses, subject to the tiers and restrictions in 10 GCA § 24108."

Section 4. § 24101 of Chapter 24, Title 10, Guam Code Annotated, is amended to read: "§ 24101. Definitions. As used in this Chapter: (a) Commercial consumption means the use of food in a food establishment, food processing plant, catering services, and retail food store. (b) Food establishment means and includes every establishment or place which is used or occupied as a bakery, confectionery, cannery, dairy, creamery, packing house, grocery, supermarket, meat or poultry market, fruit or vegetable market, delicatessen, beverage plant, slaughter house, poultry processing plant, fish processing plant, frozen food processing plant, bottling plant, food refrigeration locker plant, ice plant, ice cream or frozen dessert plant, public market, food warehouse or for the production, processing, manufacture, preparation for sale, canning, bottling, packing, packaging, storage, sale or distribution of any food. (c) Informed end user means an individual who purchases from a cottage food operation a food product for noncommercial consumption and has been informed the product is produced and packaged in a noncommercial kitchen and is not regulated or inspected by a state or local health department. (d) Potentially hazardous or Potentially Hazardous Food (PHF) means requiring temperature control due to the capacity to support the rapid and progressive growth of infectious microorganisms or the growth of toxic microorganisms, as defined in the most recent edition of the FDA Food Code. (e) Cottage food operation means a home-based business licensed under 11 GCA § 721157(b) that produces and sells approved foods under the tiers defined in § 24108, including microenterprise operations for home-cooked meals. (f) Non-potentially hazardous food (non-PHF) means food that does not require time/temperature control for safety, as determined by the Department. (g) Home-cooked meal means a meal prepared in a home kitchen for direct sale to consumers, which may include low-risk PHF if safely handled. (h) Current adopted Guam Food Code means the version of the FDA Food Code currently in effect under DPHSS regulations."

Section 5. § 24102 of Chapter 24, Title 10, Guam Code Annotated, is amended to read: “§ 24102. Exclusions. Food establishment does not include: (a) An eating and drinking establishment as defined in Chapter 23 of this Part; (b) Any establishment for the killing of livestock for private consumption of the products and not for sale to others; (c) Any establishment, including any market, wayside stand or roadside stand, used exclusively for the sale of fresh, unprocessed fruits, vegetables, nuts, eggs, live poultry, live pigs or other live animals except dogs and cats, by the original producer thereof in his own property; or liquor, canned and bottled soft drinks. (d) Any cottage food operation licensed as a Home Industry under 11 GCA § 721157(b), for the preparation of food, provided it complies with the requirements of § 24108.”

Section 6. § 24108 of Chapter 24, Title 10, Guam Code Annotated, is repealed and reenacted to read: “§ 24108. Cottage Food Operations under The Guam Cottage Food Freedom Act of 2027. (a) Tiers of Operation. (1) Tier 1 (Basic): Non-PHF foods only, direct sales. Self-certification. Sales cap \$50,000 (inflation-adjusted). (2) Tier 2 (Advanced): Non-PHF (direct/indirect), limited PHF (direct), and home-cooked meals (direct, max 90 meals/week, 30/day). Annual registration and inspection. Sales cap \$100,000 (inflation-adjusted on annual basis, subject to available reports by the Bureau of Statistics and Plans).

(b) Allowed Foods. The Department shall publish annual lists of approved foods. Operators may petition to add items. The Department shall issue final ruling, either approval, or denial of such requests no later than 30 calendar days. Prohibited: raw milk, low-acid canned goods, seafood.

(c) Sales Methods. Tier 1: direct only. Tier 2: direct + indirect for non-PHF. All sales shall be limited within the Territory of Guam only.

(d) Labeling. Tier 1: simplified label. Tier 2: full label with name, ingredients, net weight, 9 FDA allergens, and bold 10-point disclaimer.

(e) Health and Safety. Tier 1: food handler certificate or basic course. Tier 2: 4-8 hour ANSI training. All tiers: potable water, exclude pets/children/ill persons during prep.

(f) Registration. Annual registration with DPHSS (\$100 Tier 1 / \$200 Tier 2). Sales reports shall be required prior approval of the re-newal of registration.

(g) Compliance with Federal and Existing Guam Law. (1) All sales shall be strictly intra-Guam. (2) All operations shall comply with basic sanitation, water, and wastewater rules of the current adopted Guam Food Code. (3) Home-cooked meals are for off-premises consumption only and shall not be served on the premises.

(h) The Department may not interpret this Section to conflict with its authority over true eating and drinking establishments under Chapter 23.”

Section 7. Severability. If any provision of this Act is found invalid, the remainder shall continue in full force and effect.

Section 8. Effective Date. This Act shall become effective on January 1, 2027.

Section 9. Penalties for Violations. (a) Any violation is a misdemeanor and, upon conviction, punishable by a fine of not more than One Thousand Dollars (\$1,000) or imprisonment for not more than one (1) year, or both. Each day of violation is a separate offense. (b) In addition, the Department may impose administrative fines of up to \$500 for a first violation and up to \$4,000 for subsequent violations and may suspend or revoke registration.

Fines shall be deposited as follows:

- a) 50% to the DPHSS
- b) 50% to DRT

Please submit your comments, thoughts and / or concerns at : bistraforguam@gmail.com