IOWA HOUSE REPUBLICANS

**REPUBLICAN CAUCUS STAFF**
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DES MOINES, IOWA 50319

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# HOUSE REPUBLICAN STAFF ANALYSIS

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| Bill: | House File 2431 (HF 2005) | House Committee: | **PASSED** February 15 (13-8) |
| Committee: | Local Government | House Floor: | |
| Floor Manager: | Rep. Wheeler | Senate Floor: | |
| Date: | March 10, 2022 | Governor: | |
| Staff: | Jason Covey (1-3626) | | |

## Regulation of Home-Based Businesses

- Prohibits counties and cities from requiring a person to apply, register, or require a permit to operate a "no-impact home-based business".
- Prohibits counties and cities from requiring a property being used for a home-based business from being rezoned.
- Limits the scope of county and city regulations allowed on home-based businesses.

## Section by Section Analysis

*Section 1 – Home-based businesses (Iowa Code 335.35)*
New section – Allows the use of home-based businesses as long as it is not prohibited by the property's deed or covenant agreement, master dee, bylaw, or other applicable to common interest ownership community documents.

A County cannot prohibit a "no-impact home-based business" or require a person to apply or register for approval from the county to operate. Counties may establish reasonable regulations on home-based businesses for the following purposes:

- Protection of public health and safety
- Ensuring that the business is complying with residential use of the property and complying with state and federal laws
- Limiting or prohibiting the selling of alcoholic beverages, illegal drugs, sober living homes, pornography, nude or topless dancing, or other adult -oriented businesses

Counties shall not require the rezoning of property that is being used for home-based businesses.

*Section 2 – Home-based businesses (Iowa Code 414.33)*
New section – Allows the use of home-based businesses as long as it is not prohibited by the property's deed or covenant agreement, master dee, bylaw, or other applicable to common interest ownership community documents.

A city cannot prohibit a "no-impact home-based business" or require a person to apply or register for approval from the city to operate.

Cities may establish reasonable regulations on home-based businesses for the following purposes:

- Protection of public health and safety
- Ensuring that the business is complying with residential use of the property and complying with state and federal laws
- Limiting or prohibiting the selling of alcoholic beverages, illegal drugs, sober living homes, pornography, nude or topless dancing, or other adult -oriented businesses

Cities shall not require the rezoning of property that is being used for home-based businesses.

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## Amendment Analysis

**H-8148 by Wheeler**

Amends the bill's definition of "no-impact home-based business" so the activities are not visible from an adjacent property or street. The bill only limited the visibility from the street.

**H-8149 by Wheeler, Wills, Thompson, Smith**

1. Amends code to include home food processing establishments for Department of Inspection and Appeals to conduct inspections and issue licenses.

2. Changes Iowa Code from "home bakeries" to "home food processing establishments".

Raises the cap on gross annual sales for home food processing establishments from $35,000 to $50,000.

Defines "homemade food item" as food produced and/or packaged at a home that is not time/temperature controlled for safety. Does not include unpasteurized juices, raw sprout seeds, food with wild game or fish, alcoholic beverages, water or ice, consumable hemp products, food that will be further processed by a processing plant, milk or milk products, meat and meat products, poultry or poultry products.

There are exemptions for poultry or poultry byproducts, and meat and meat byproducts if it comes from an inspected source pursuant to federal guidelines. Production of food does not include low-acid canning, low-acid fermentation, acidification, curing, and smoking for preservation.

3. Amends the section of code on licenses and inspections to replace "home bakeries" with "home food processing establishments". Creates a special fund for the license fees to be directed to DIA for the administration of home food processing establishments. The existing fee for a license is $50.

Adds labeling requirements for home produced food. Including: name of the establishment, common name of the food, ingredients in order of predominance, quantity, expiration date, and food allergen statement.

4. Amends the penalty section of code that a violation of this chapter is a civil penalty of $100 per violation, collected by DIA and deposited in the special fund created by this amendment. Each additional day of violations is an additional violation. Previously the penalty was a simple misdemeanor.

5. Adds the definition of "cottage food" to mean the production and sale of food produced at a private residence to the chapter of code regulating food establishments and food processing plants.

"Cottage food" is exempt from all licensing, permitting, inspection, packaging, and labeling laws of the state if the food is sold and delivered by the producer directly to the consumer. Adds labeling requirements for home produced food. Including: name of the establishment, common name of the food, ingredients in order of predominance, quantity, expiration date, and food allergen statement.