# LEGISLATIVE SERVICES AGENCY
## OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
## FISCAL IMPACT STATEMENT

**LS 7092**
**BILL NUMBER:** HB 1424

**NOTE PREPARED:** Feb 20, 2026
**BILL AMENDED:** Feb 19, 2026

**SUBJECT:** Farm and Homestead Food Sales.

**FIRST AUTHOR:** Rep. Smith H
**FIRST SPONSOR:** Sen. Buchanan

**BILL STATUS:** CR Adopted - 2nd House

**FUNDS AFFECTED:** X GENERAL
X DEDICATED
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Small Farms and Homestead Vendors:* This bill allows the executive board of the Indiana Department of Health (IDOH) to adopt rules concerning time temperature control for food safety, but provides that the rules may not be applied to a homestead vendor or small farm vendor. The bill provides that homestead vendors and small farm vendors are exempt from specified health regulations applicable to food establishments. The bill provides that IDOH a local unit of government, the Health and Hospital Corporation of Marion County, or a local health department may not impose any rules, regulations, certifications, or licensing requirements on a homestead vendor or small farm vendor that are not required under federal law, but may investigate complaints against a homestead vendor or small farm vendor regarding a foodborne illness derived from the homestead vendor's or small farm vendor's food products. It also permits homestead vendors and small farm vendors to sell specified meat products and other foods from: (1) the property of the homestead vendor or small farm vendor; or (2) a farmers market. It requires a homestead vendor or small farm vendor to provide consumers with specified information regarding the homestead vendor's or small farm vendor's food products through signage or labeling. It also provides for conditions under which a homestead vendor or small farm vendor may ship or deliver a food product directly to a consumer. The bill imposes handling, refrigeration, transportation, and storage requirements for homestead vendor and small farm vendor food products.

*Fire Safety and Public Building Exemptions:* The bill provides that public buildings used by homestead vendors and small farm vendors are exempt from certain public building and safety regulations. It also provides that buildings, structures, or stands used for sale of homestead vendor or small farm vendor food products are subject to specified fire safety, building, and equipment laws.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** (Revised) *Small Farms and Homestead Vendors:* The bill may initially increase workload for the IDOH to revise any rules, policies, and guidelines which are not required under federal law that govern homestead vendors and small farms. *[The IDOH's administrative expenditures are currently paid from the Tobacco Master Settlement Fund, a dedicated fund.]*

(Revised) *Fire Safety and Building Exemptions:* The bill may decrease workload for the State Fire Marshal to carry out inspections and process plan review applications or related documents.

Additional Information -

(Revised) *Small Farms and Homestead Vendors:* The bill defines a homestead vendor as a person that prepares and sells food or meat products at the person's property or farmers market and from which not more than $1.5 M in gross sales is received in a single year. Most entities currently selling food as a home based vendor that have under $1.5 M in gross sales will be able to sell their products as a homestead vendor instead. The bill also defines "small farm" as land that is used for growing crops or raising livestock and from which not more than $1.5 M in gross sales is received in a single year from the livestock products or cultivated or harvested crops. An estimated 90% of Indiana farms have annual sales under $1 M and could meet the bill's definition of "small farm".

Currently, home based vendors are exempt from regulations regarding sanitary requirements for food establishments under IC 16-42-5 and food handling requirements under IC 16-42-5.2. The bill expands these exemptions to any entity included in the bill's definition of a "homestead vendor" or "small farm". The bill further (1) expands the products homestead vendors and small farms can sell, (2) exempts these entities from having to obtain and submit a food handler certificate to IDOH in certain scenarios, and (3) prohibits the IDOH, a local unit of government, or a local health department from imposing rules or regulations on these entities that are not required under federal law.

(Revised) *Fire Safety and Building Exemptions:* The bill provides that certain buildings used by homestead vendors and small farms are exempt from class 1 building designations, fire safety laws for public buildings, and rules adopted by the Indiana Fire Prevention and Building Safety Commission.

**Explanation of State Revenues:** *Small Farms and Homestead Vendors:* If additional entities are exempt from regulations of sanitary requirements for food establishments, revenue to the state General Fund from civil penalties could be reduced. Civil penalties range from $50 to $1,000 per day per violation.

(Revised) *Fire Safety and Public Building Exemptions:* This bill expands the number of entities that are exempt from class 1 structure requirements. This may decrease revenue from the construction of class 1 structures, as non-exempt structures require a $75 filing fee for each application for constriction design release, a minimum processing fee of $75, and potentially a special processing fee to be deposited in the Fire and Building Services Fund and the Fire and Building Safety Education Fund. Fee revenue from any other eligible plan review, building permit, or certificate of occupancy fees may also be minimally impacted.

(Revised) *Penalty Provision:* The bill provides that certain buildings used by homestead vendors and small farms are exempt from class 1 building designations, fire safety laws for public buildings, and rules adopted by the Indiana Fire Prevention and Building Safety Commission. As a result, the related infraction, misdemeanor, and felony penalties tied to those specific provisions would no longer apply. The bill also exempts small farms and homestead vendors from certain food establishment requirements, violations of which are currently punishable as a Class B misdemeanor and may be enhanced to a Level 6 felony under specified conditions. If additional entities are excluded from these regulations, then fewer violations may occur and certain revenue could decrease. However, court data from FY 2017 through FY 2025 do not show any filed or convicted charges for felony or misdemeanor offenses under these provisions. The following linked document describes the fees and distribution of the revenue: Court fees imposed in criminal, juvenile, and civil violation cases.

**Explanation of Local Expenditures:** (Revised) *Farms and Homestead Vendors:* The bill could initially increase workload for local units of government, the Health and Hospital Corporation of Marion County, and local health departments to revise any rules, policies, and guidelines for homestead vendors and small farms. However, future workload may decrease to the extent that the bill reduces the number of food establishments licensed and inspected by local health departments.

(Revised) *Fire Safety and Building Exemptions:* The bill could also reduce workload for local fire departments, building inspectors, and county prosecutors related to inspections as the bill provides that certain buildings used by homestead vendors and small farms are exempt from class 1 building designations, fire safety laws for public buildings, and rules adopted by the Indiana Fire Prevention and Building Safety Commission.

**Explanation of Local Revenues:** *Small Farms and Homestead Vendors:* The bill could decrease the number of entities who are registered as food establishments, reducing revenue to local health departments and the Health and Hospital Corporation of Marion County from fees currently received for retail food establishment licenses and civil penalties from violations of regulations. Food establishment licensing fees vary by county. Civil penalty amounts are set in rule by the IDOH and range from $50 to $1,000 per day per violation.

(Revised) *Exemption from Fire Safety Laws and Rules:* The bill could reduce revenue to local units related to civil penalties for violations of fire safety laws for public buildings and rules adopted by the Indiana Fire Prevention and Building Safety Commission.

(Revised) *Penalty Provision:* If fewer violations occur as a result of the bill, then certain revenue could decrease. The following linked document describes the fees and distribution of the revenue: Court fees imposed in criminal, juvenile, and civil violation cases.

*Additional Information:* Some counties set retail food establishment license and permit fees based on the square footage (such as Porter County, ranging from $250 to $600), the number of employees (such as Monroe County, ranging from $165 to $600), or the category of the establishment type (such as Steuben County, ranging from $50 to $100). Fees may be lower for partial year permits, temporary event permits, and limited operations.

**State Agencies Affected:** Indiana Department of Health; Indiana Department of Homeland Security.

**Local Agencies Affected:** Local health departments, fire departments, building inspectors, trial courts, local law enforcement agencies.

**Information Sources:** www.in.gov/localhealth/browncounty/files/HBV-2025-2.pdf;
www.nass.usda.gov/Statistics_by_State/Indiana/Publications/Current_News_Release/2025/nr2511in.pdf
in.gov/localhealth/portercounty/files/Indiana-Home-Based-Vendor-Handbook-updated-5.12.25-003.pdf;
www.in.gov/health/food-protection; Indiana Supreme Court, Indiana Trial Court Fee Manual;
County Retail Food Establishment Licensing and Permit Fee examples: Steuben, Monroe, Porter;
IC 16-42-5; IC 22-11-17.

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