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**Cottage Food Operation  
 Adjusted Gross Annual Sales Limit**

The Cottage Food Operation (CFO) allows for an adjusted gross annual sales limit based on the California Consumer Price Index (CPI). The California Retail Food Code Section below is the reference. As the CPI percent changes annually this information will be updated.

**113758.**

(a) “Cottage food operation” means an enterprise that has no more than the amount in gross annual sales that is specified in this subdivision, is operated by a cottage food operator, and has no more than one full-time equivalent cottage food employee, not including a family member or household member of the cottage food operator, within the registered or permitted area of a private home where the cottage food operator resides and where cottage food products are prepared or packaged for direct, indirect, or direct and indirect sale to consumers pursuant to this part. A “Class A” cottage food operation shall not have more than seventy-five thousand dollars (\$75,000) in verifiable gross annual sales. A “Class B” cottage food operation shall not have more than one hundred fifty thousand dollars (\$150,000) in verifiable gross annual sales. The gross annual sales for a “Class A” or “Class B” cottage food operation shall be annually adjusted for inflation based on the [California Consumer Price Index](#).

**The annual average adjustment rate is based on previous years CPI as follows:**

<b>Effective Year</b>	<b>Based on average adjustment rate of CPI</b>	<b>Consumer Price Index Percent</b>	<b>CFO Class A: Total Sales Allowance</b>	<b>CFO Class B: Total Sales Allowance</b>
January 1, 2022	2020-2021	N/A	\$75,000	\$150,000
January 1, 2023	2021-2022	7.3	\$80,475	\$160,950

