

# Selling Produce Locally: A Briefing Paper for Produce Growers

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## Overview

According to Howard Reed with the Public Health and Human Services Agency, there is no single standard regulatory process or set of regulations for *unprocessed* produce—produce that has not been sliced, packaged, etc.—and he suggested looking to the FDA’s Good Agricultural Practices Program voluntary standards (See Online Resources section below for links). Most large buyers that then sell to grocery store chains look to these standards, produce department managers are reassured when they know growers have followed them, and grocery chains’ corporate headquarters will often require following these guidelines and/or being licensed by the MT Department of Agriculture.

While requirements vary between stores, for the most part produce growers are best off approaching grocery produce managers prepared with the willingness to discuss store standards, preferences, and delivery schedules and, if applicable, a Tax ID # and Dept. of Ag. license.

## Tax ID # Information

---From [http://sos.mt.gov/Business/New\\_Business.asp](http://sos.mt.gov/Business/New_Business.asp)---

“The Internal Revenue Service requires every business who hires employees, or is a partnership or corporation have a federal tax identification number. To obtain one, call the IRS at 1-800-829-4933. To apply for a state withholding tax ID number contact Department of Revenue at 444-6900. To apply for a state unemployment insurance tax ID number contact the Montana Department of Labor and Industry at (406) 444-3834.”

## Licensing/Inspection Information

---From [agr.mt.gov](http://agr.mt.gov)---

“A produce dealer license is required for any person who wholesales produce in the state, transports produce from out of state into this state for retail sales, or retails produce grown by the produce dealer in this state when gross retail sales exceed \$15,000 annually. A separate license is required for each place of business, including vehicles. Licenses are issued annually and are renewed by January 1st of each year.”

---From *Application for Produce Dealers License Form*---

“A produce dealer license is not required for a person who retails produce grown by the person in this state if annual gross produce sales do not exceed \$15,000; however, the person shall, upon request by the department, furnish a sworn statement providing that the produce was grown by that person, stating the location where the produce was grown, and stating the amount of gross sales.”

\*\*Lynn Jones of the MT Dept. of Ag. specified that the assessment structure is currently subject to change due to MT HB290, which would increase the minimum sales to \$25,000. The bill was passed in the Senate on 3/30/09 and is currently in the enrolling and final preparation process. Also, some bills in the national legislature could impact farm registration practices-so stay tuned!

**-Fees:** Annual Dealer License - \$50.00 per place of business, including vehicles

Quarterly Assessment - \$0.06 per unit distributed

Shipping Point Inspection-All produce: \$0.075 per unit ("Produce unit" means the standard size container for a given type of produce.) Minimum fee for inspection is \$20.00, Inspection Tags \$0.20 per tag.

### Licensing contact:

**Lynn Jones**  
Phone: 406-444-5400  
Fax: 406-444-9493  
E-mail: [agr@mt.gov](mailto:agr@mt.gov)

### Inspection contact:

**Larry Krum**  
Phone: 406-444-3730  
E-mail: [agr@mt.gov](mailto:agr@mt.gov)

### Special Projects Coordinator- Agricultural Marketing and Development:

**Nancy Matheson**  
Phone: 406-444-2402  
Fax: 406-444-9442  
E-mail: [nmatheson@mt.gov](mailto:nmatheson@mt.gov)

## Online Resources

-Good Agricultural Practices Program- FDA voluntary standards guideline concerning water, soil, personnel, sanitary facilities, field and packing station sanitation, and cleaners and sanitizers at: <http://www.cfsan.fda.gov/~dms/prodguid.html> and in a nice pdf self-audit guide at <http://ucce.ucdavis.edu/files/filelibrary/5453/4362.pdf>

- MT. Department of Agriculture-Produce dealer license application form, and lots of useful information including MT code defining produce, retail, wholesale, etc. [agr.mt.gov](http://agr.mt.gov)
- Grocery Store Summary Draft [bitterrootvalleyfood.info/assessment.html](http://bitterrootvalleyfood.info/assessment.html)

### Individual Store Information

---Based on brief phone conversations with dept. managers---

- Albertson's: -Contact: Jim Lloyd 363-4555  
Has sold some local produce in the past and is very interested in more. Will pay cash and has no specific requirements—paperwork through parent company only required with vendors who do a large volume of business with the store.
- Bitterroot Community Market: -Contact: Dave 777-5742  
Prefers growers to be insured and inspected, but has the leeway to purchase from anybody and doesn't always require insured and inspected. If organic, must be certified organic.
- Corvallis Merc: -Contact Jay 961-4830  
Very interested in carrying more locally grown produce, no requirements of growers concerning inspection, Tax ID, etc.
- Gary & Leos:  
Not interested in carrying local produce.
- Hamilton IGA: -Contact: Gary 363-5720  
Requires Department of Ag. inspection for liability reasons.
- Harvest Foods:  
*-Contact: Tim McGreevy, HQ 883-1500 (weekdays between 8:00-9:30 am) -Pam, Lolo 273-6661*  
Buys some local produce but must be pre-approved by Tim at headquarters and meet headquarters' requirements such as product guarantee.
- People's Market (Darby):  
Doesn't currently carry local produce. Store owner determined that produce purchase was easier through warehouse only.
- Safeway:  
Currently do not carry any local produce, only Montana-grown items are Dixon melons. Vendors need to go through corporate office paperwork and grower Safeway ID # process and then be able to meet or beat warehouse price. Manager suggested contacting Dixon melon growers Harley and Joey Hettick at 246-3526 or [thebestmelons@dixonmelons.com](mailto:thebestmelons@dixonmelons.com) if interested in how they set up agreement with Safeway.
- Super One: -Contact: Charlie, Stevensville 777-7300, Karen, Hamilton 363-6200  
Require Tax ID# and Dept. of Ag. inspection.
- Victor Merc: -Contact: Ray 642-3421  
Currently does not carry local produce, but willing to do so. Requires that growers satisfy legal/inspection requirement "on their end" (Department of Ag. inspection, etc. if applicable.)

### Resources for value-added processing

- Montana Food Products LLC : *Alicia Johnson 273-2515 or 241-4119 (Lolo)*  
Required steps that need to take place before kitchen rental or co-packing services begin: 1) 2 – 4oz samples for testing (shelf stable qualities). \$50 fee sent Washington State Laboratory; 2) Fill out Food Wholesale Application for License from Montana Department of Public Health and Human Services. \$90 fee; 3) Fill out State of Montana Application for Registration of Assumed Business Name. \$20 Fee. (This step is not required but recommended); 4) County Plan Review (Modified Plan Review) from Missoula City - County Health Department \$105; must also have \$1million in product liability insurance.

-The [Public Health Security and Bioterrorism Preparedness and Response Act of 2002](#) (the Bioterrorism Act) requires domestic and foreign facilities that manufacture, process, pack, or hold food for human or animal consumption in the United States to register with the FDA. Exempt from registration are farms, but if you engage in processing such as cider making, be sure to check out <http://www.cfsan.fda.gov/~furls/ovffreg.html> to make sure you are in compliance.