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Running a Successful Farm Business Licensing

Washington State law requires certain licenses and permits for farm and food businesses, depending on the type of farm or food business you operate, what products you sell, where and how you sell your products, and possibly even production methods (e.g., pesticide application). The licenses and permits highlighted below are meant to help guide farmers in the requirements for running a farm business. This fact sheet is not intended to provide legal advice. Please contact specific agencies as well as other jurisdictions (i.e., County and City) to verify what you need. The information provided here covers general, Washington State licenses that may apply to your farm business including:

- Master Business License;
- Specialty Licenses;
- Pesticide Applicator License;
- Cash Buyer's, Produce Dealer's License, and Commission Merchant's License;
- US Department of Transportation Intrastate Number;
- Commercial Driver's License Exemption; and
- Food Handler Permit.

Licensing requirements by farm product are available in the "Regulations for Specific Products" section of the "Small Farm and Direct Marketing Handbook."

Master Business License

A Master Business License is required for any business that grosses more than \$12,000 annually.

A Master Business License is also required for any business that needs a specialty license to operate (even if that business grosses less than \$12,000 per year).

By getting a Master Business License, you will be sent a Washington State Unified Business Identifier (UBI) Number or Tax Registration Number. The UBI is often required for standard business practices such as opening a business bank account.

The Business Licensing Service at the Washington State Department of Revenue has an online "customized business licensing guide" that can customize the licensing information for your business. For more information, please go to: www.bls.dor.wa.gov/licensing.aspx, call (800) 451-7985 or email BLS@dor.wa.gov.

Ownership Structure

To get your business license, you will need to clarify your ownership structure. The definitions of ownership structures are available online: www.bls.dor.wa.gov/ownershipstructures.aspx. If your business will be a Limited Liability Company (LLC) or Corporation, you will need to register at the

Secretary of State's Office (SOS) before filling out the Master Business License. The cost of this registration is \$180 for a paper application and \$200 for an online application. For more information, please visit the SOS site at www.sos.wa.gov/corps.

Employees

Prior to completing the master business application, it is helpful to know if you will have employees, as this must be designated on your application in order to register for state worker's compensation. Unlike an independent contractor, an employee is generally someone for whom an employer determines their work schedule, hours, and job responsibilities. They usually receive a federal W-2 form (employee wages) from the employer and have federal income tax, social security contributions, and workers' compensation withheld from their paycheck.

Fees

The Master Business License application fee is \$19.00. However, it costs an additional \$19.00 each time you change your Master Business License in any way, including adding a specialty license, hiring employees after you've completed your license, or registering a trade name after you've completed your license. Trade names (e.g., Market Gardens doing business as Edible Gardens) are optional and it costs an additional \$5.00 to register each trade name.

Specialty Licenses

Specialty Licenses are added on to your Master Business License and also administered through the Washington State Business Licensing Service. Specialty Licenses are required by law. Here are the most frequently encountered Specialty Licenses for farm businesses:

- selling by weight and use scales;
- selling eggs off-farm;
- selling more than \$100 of nursery products per year (excluding cut flowers);
- selling taxable items (such as cut flowers);
- selling alcohol;
- selling seeds grown by farms other than your own;
- selling and distribute bulk fertilizer ; or
- selling pesticides.

Specialty Licenses are renewable annually and the fees depend up which specialty license you need. For example, if you want to sell eggs to a restaurant, you will need to apply and pay online for your Master Business License (if you don't have it already) and your specialty Egg Handler/Dealer License. Once you have these licenses, then the WSDA will come out and inspect your operation, and when approved, your licensing will become complete and you are ready to do business. A complete list of specialty licenses and fees are available online at: www.bls.dor.wa.gov/specialtylicenses.aspx.

Pesticide Applicator License

The Washington State Department of Agriculture requires an annual Pesticide Applicators License for people if they apply or supervise the application of a restricted use pesticide:

- on land that they own or rent; or
- for their employer for the purpose of producing an agricultural commodity.

The license currently ranges from \$33 to \$215 per year depending upon application type.

Classes and tests are required for each license and are available throughout the state. Many of these classes are available in Spanish. For more information, please go to:

www.agr.wa.gov/PestFert/LicensingEd, email license@agr.wa.gov, or call (877) 301-4555.

Cash Buyer's, Produce Dealer's, and Commission Merchant's License

Any person who purchases agricultural products for re-sale must be licensed each year as a commission merchant, dealer, or cash buyer by the Washington State Department of Agriculture Commission Merchants Program. For example, a person or business that purchases 20 cases of apples from a farmer, distributor or packing house to sell at a farmers market, to a grocery store, or to a distributor needs one of these licenses. Washington's Commission Merchants Program was established to protect producers, buyers, and sellers of agricultural products against illegal business practices.

Cash Buyer's License

A Cash Buyer's License is required for anyone who 1) buys produce for the purpose of reselling, and 2) pays cash at the time of taking possession. A cashier's check, certified check, or bank draft may be used in lieu of cash, but no personal or business checks may be used. A Cash Buyer may not deal in livestock, hay, grain, or straw. A Cash Buyer's License costs \$135 per year.

Produce Dealer's License

A Produce Dealer's License is similar to a Cash Buyer's License. It is required for anyone who 1) buys produce for the purpose of reselling, and 2) pays the grower by personal check or buys on credit. A Produce Dealer's License is \$605 and the licensee must be bonded for \$10,000. To view a list of licensed produce dealers go to:

www.agr.wa.gov/Inspection/CommissionMerchants/docs/rptProduce.pdf.

A Commission Merchant's License

A Commission Merchant's License is required for anyone who 1) buys produce for the purpose of reselling, and 2) is being paid a sales commission by the producer. Anyone who receives any agricultural product on consignment for sale or processing needs this license. A Commission Merchant's License costs \$605 and the licensee must be bonded for an amount based upon the annual gross dollar amount of purchases.

Licenses must be renewed prior to January 1, or penalties will be charged. For more information, please visit the WSDA Commission Merchants Program at

www.agr.wa.gov/Inspection/CommissionMerchants or contact them by emailing commerch@agr.wa.gov or calling (360) 902-1822.

US Department of Transportation Intrastate Number

In Washington State, commercial vehicles owned and operated by farmers must have a Department of Transportation intrastate number from USDOT if they are:

- more than 10,000 pounds Gross Vehicle Weight **and** one of the types of vehicles described by DOL at www.dol.wa.gov/vehicleregistration/intrastatedot.html; **and**
- used to transport your own orchard, farm, or dairy products, livestock, or plant or animal waste within Washington State.

To get a USDOT number, you must go to the United States Department of Transportation. There is an online registration and compliance assistant program that will help you register by asking questions about the size of vehicles you operate and if you will be carrying passengers at www.fmcsa.dot.gov/online-registration.

The USDOT Intrastate number is free and the vehicles are exempt from safety audits and compliance reviews. Complete information about Washington State DOT licensing requirements can be found at www.dol.wa.gov/vehicleregistration/intrastatedot.html, or call (360) 596-3810.

Commercial Driver's License Exemption

By law, farmers transporting farm equipment, supplies, or products to or from a farm, in a farm vehicle are not required to have a commercial driver's license if the vehicle is:

- operated by the farmer or a farm employee;
- not used in the operation of a common or contract motor carrier; and
- used within 150 miles of the farm (in an air-mile radius).

In this case, farm products include Christmas trees or wood products transported by vehicles weighing no more than 40,000 pounds licensed gross vehicle weight. This weight restriction applies only to Christmas trees and wood products.

If farmers meet all requirements for this commercial driver's license exemption, they may operate farm-exempt vehicles and cross into Idaho and Oregon.

Food Handler Permit

Washington State law, Chapter 246-217 WAC, requires that all food workers have food safety training before handling food served to the public. "Food" means a raw, cooked, or processed edible substance, ice, beverage, or ingredient used or intended for use or for sale in whole or in part for human consumption (Washington State Retail Food Code). Food workers who attend a food safety training class and pass the State of Washington exam on food safety basics are issued a Food Handler Permit (also called a Food Worker Card).

It is now possible to take the Food Worker Permit training and the test online at: www.foodworkercard.wa.gov.

A copy of the "Food Worker Manual" study guide is available in ten languages and Braille upon request, please go to:

www.doh.wa.gov/CommunityandEnvironment/Food/FoodWorkerandIndustry/FoodWorkerManual.aspx, or call (800) 525-0127.

You can also get the Food Worker Permit training in-person and take the test at your local health jurisdiction. To find the county health department or district office near you, go to www.doh.wa.gov/CommunityandEnvironment/Food/LocalFoodSafetyContacts.aspx.

Your first Food Worker Card is valid for two years and costs \$10.00. Before the card expires, you must take the food safety training class and pass the exam again. Renewal cards are valid for three or five years.

Recommended Fact Sheets

- 8. Labor on the Farm
- 19. WSDA Food Processor License and Facilities

For further information, to provide comments, or suggest a resource to add to this fact sheet, please email smallfarms@agr.wa.gov or call (360) 902-2888