



PRODUCER/HANDLER GUIDANCE

MOSA certifies diverse operations where it can be a challenge to determine if the operation should be certified as a producer, as a handler, or both. This document provides guidance on how we make this determination and illustrates how fees should be determined for Producer/Handler operations. *Contact MOSA for further guidance in making this determination.*

Producer/Handlers are farm operations which also have value-added sales of processed products that are at least partially derived from crops or livestock raised on the farm. Producer/Handlers must submit the Handler Organic System Plan (OSP) in addition to the Farm or Livestock OSP.

National Organic Standards definitions:

- A **producer** is a person who engages in the business of growing or producing food, fiber, feed, and other agricultural-based consumer products.
- To **handle** is to sell, process, or package agricultural products, including but not limited to trading, facilitating sale or trade on behalf of a seller or oneself, importing to the United States, exporting for sale in the United States, combining, aggregating, culling, conditioning, treating, packing, containerizing, repackaging, labeling, storing, receiving, or loading.
- **Processing** is cooking, baking, curing, heating, drying, mixing, grinding, churning, separating, extracting, slaughtering, cutting, fermenting, distilling, eviscerating, preserving, dehydrating, freezing, chilling, or otherwise manufacturing and includes the packaging, canning, jarring, or otherwise enclosing food in a container.

Some processing/handling activities occur on most farms we certify. Added forms or fees for usual and customary activities related to the sale of farm products are not required. These are considered Producer activities.

Examples of routine farm-related Producer activities include:

- *packaging of unprocessed vegetables*
- *seed conditioning*
- *feed grinding*
- *washing vegetables*
- *herb drying*
- *sale of meat or animal products that were processed by a certified organic facility*
- *preparation of CSA boxes*

Examples of products that are typically certified as Producer products include:

- *raw milk*
- *raw vegetables*
- *frozen vegetables (not blanched or cooked)*
- *dried herbs*
- *whole grains*
- *live animals*
- *whole eggs*
- *apple cider/vinegar made from on-farm apples*
- *maple syrup and products made from on-farm sap (with the Maple Syrup OSP)*
- *CSA and U-Pick operations that buy limited products from other operations to add to on-farm products (with the Off-farm Organic Product Purchasing form)*

If activities are more complex, added forms and fees may be required. For example, providing feed processing services to other farmers requires a Handler OSP and fees, but grinding feed for owned livestock on farm does not.

Handler certification is also required when the processing/handling activities:

- are more complex or of a larger scope
- require additional licensing
- involve use of organic products from other operations
- include multi-ingredient products requiring an Organic Product Profile
- transform the product substantially from its original state

The need for handler certification often depends on an operation's particular circumstances. Buying in and repackaging products on-farm may be able to be described on the Farm OSP or may require a Handler OSP, depending on complexity, amount of processing, and MOSA's ability to determine compliance based on the information provided.

Examples of processed/handled products include:

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| • frozen blanched vegetables | • broken eggs | • flour |
| • applesauce | • salsa | • cheese |
| • black garlic | • sauerkraut | • multi-ingredient products |
| • pasteurized milk | • meat or other slaughter products | |

Farms that are processing at an off-site kitchen must use the Handler OSP describing who is managing the use of the kitchen. See NOP 4009 regarding "Who Needs to be Certified."

Determining Appropriate Fees:

Organic certification cost share is available for every category in which an operation is certified. Categories include crops, wild crops, livestock, and processing. Some operations may choose to complete handler forms and be certified as a handler.

MOSA's fee schedules are a tiered system based on sales of organic products.

For processors and other handlers, including Producer/Handlers, fees are calculated on an *adjusted gross* sales figure. This starts with gross sales. "Sales" include toll or processing fees that are billed to customers for organic services, such as fees for custom processing, or for livestock slaughter and meat packaging. The cost of organic goods going into a finished, processed product may be deducted. For example, an operation that purchases organic milk to make organic cheese may deduct the cost of the milk from the gross sales of the cheese. (Note: such deductions should be calculated on an as-used basis. A bulk purchase used over time will need to have its cost divided among all production runs derived from that purchase.). Items that may NOT be deducted include nonorganic ingredients, salt, transportation costs, packaging, other business expenses, and, for Producer/Handlers, deductions may not include purchased organic seed, feed, transplants, planting stock, or livestock.

Since Producer/Handlers use some organic products from the farm, it is sometimes challenging to determine the value of the producer products compared to the value of the processed product. The value of products that are raised by the operation and used in the processed product must be determined on a business-by-business basis, with attention to the fair market value of the commodity. In some cases, an operation's records may show that they have "sold" the product to themselves. In other cases, it may make the most sense for the value of the commodity to simply be accounted for in the sales price of the finished, processed product. In any case, you must have records to show how commodity values were established, and to account for all transactions.