

Formation Requirements - California Urban Farm

In an effort to help more backyard and urban farms pop up, we've put together this quick one-sheet guide on formation. It's easy to get started and you only need a few things to start growing and selling! *

1 Business Formation

(LLC, Corporation, Cooperative, Sole Proprietorship, Partnership, or Non-Profit)

Depending on your goals, you'll need to choose a business type that best suits your needs and goals. Visit [California's Secretary of State \(SOS\) site](#) to see the filing requirements. Note: Once you've formed, you will be required to pay \$800 / year to the state in taxes. There is a first-year exemption available.

As part of the formation, you'll need to create the following documents: (1) **Articles of Organization** (filed with SOS online) and (2) **Operating Agreement** (not required by SOS, but advised to outline your business operations).

2 Business License

(Varies By City) - Look into your city requirements to determine what you need.

3 Insurance

Contact an insurance provider to determine the type of insurance you need. This can include Product Liability Insurance, Employee Liability Insurance, Workers Compensation Insurance, etc. Some sales outlets will also ask/require certain types of insurances.

4 Permits for Selling

Depending on the sales channels you're interested in, you'll need to acquire different permits. Here are some of the most common sales channels. Additional permits might be needed for certain products (eggs, meat, avocados, etc.)

Farmers' Market	Certified Producers' Certificate (through CDFA website) To sell produce by weight, scale must be certified by AG Commissioner's Office .
Community Supported Agriculture (CSA)	Register CSA Program with CDFA
On-Site Farm Stand	No permits. Allowed in certain agriculture zones and unincorporated areas, see University of California's guidelines .
Wholesale / Restaurants	City business license and some buyers might require proof of a food safety plan or insurance.