

**Who knows Agriculture?
Agency of Ag or Tax Dept?**

**Current Use
UVM ASCI 208**

If Vermont didn't have its rolling green hills, pastures and barns would it still really be Vermont?

- Equine farms are an important part of Vermont's landscape
- They are included in the AAP (Accepted Agricultural Practices) from the Agency of Agriculture, Act 250, and follow the same regulations as other farms
 - water quality (H586)
- Eligible equine business are treated unfairly by the VT tax department by overpaying on a benefit they should already be receiving

Current Use Overview

- Comes from Vermont Department of Taxes
- Land is taxed based on its agricultural use value, rather than its potential commercial value
- The purpose is to keep the state agricultural and to keep VT land open



Current Use Requirements

- Land must be used for agriculture
- 50% or more of your income must come from farming activity
- Must own 25 acres or more of land (leased for at least three years)
- 4 or more horses



Current Use and Equines at Present

- If eligible, land may qualify for current use
- Buildings are excluded by the tax department despite being recognized in the AAPs/Act 250.
- Buildings are excluded if the farm: boards horses, provides lessons, trains, hosts shows, or has on-farm product processing
 - all important aspects of most equine businesses
- H202 would allow qualified farms to enter their buildings into current use.

H202

- A bill put forth by the Chittenden Farm Bureau and several VT legislators
- Intended purpose: include traditional and nontraditional farming types in Current Use
- will allow qualified equine operation buildings into Current Use
 - including boarding and lesson facilities

About the Survey

- A list of 87 properties with horses from 28 towns across Vermont provided by the department of taxes as an estimate of the money that would be lost if equine farm buildings no long excluded from current use
- Also sent to equine farmers not provided on the list for more data
- A nine question survey that strived to represent the equine community as a whole, and see if those included in the Tax Department's data could actually enroll in the Current Use Program

Survey Goal

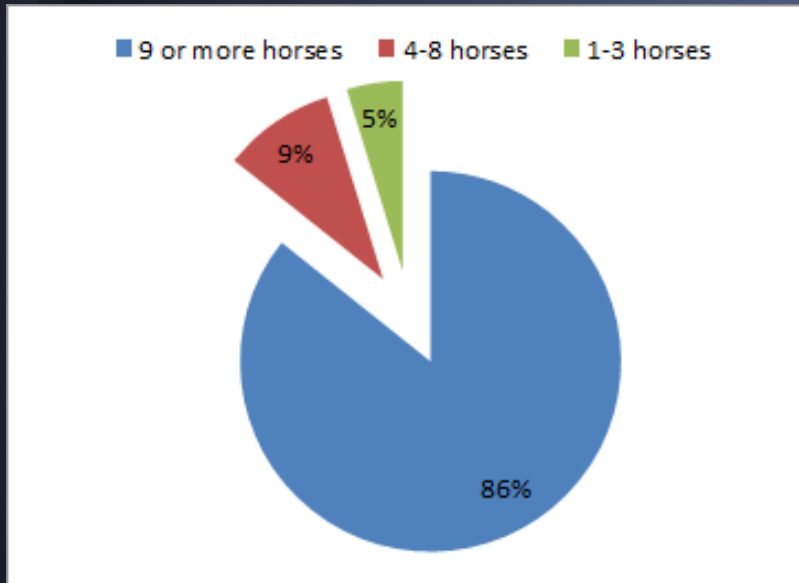
To identify how many farms would actually qualify for current use if H202 is passed

Results

- Results were analyzed in two groups.
 - the farms included in the tax department's estimate
 - the results from all farms that completed the survey

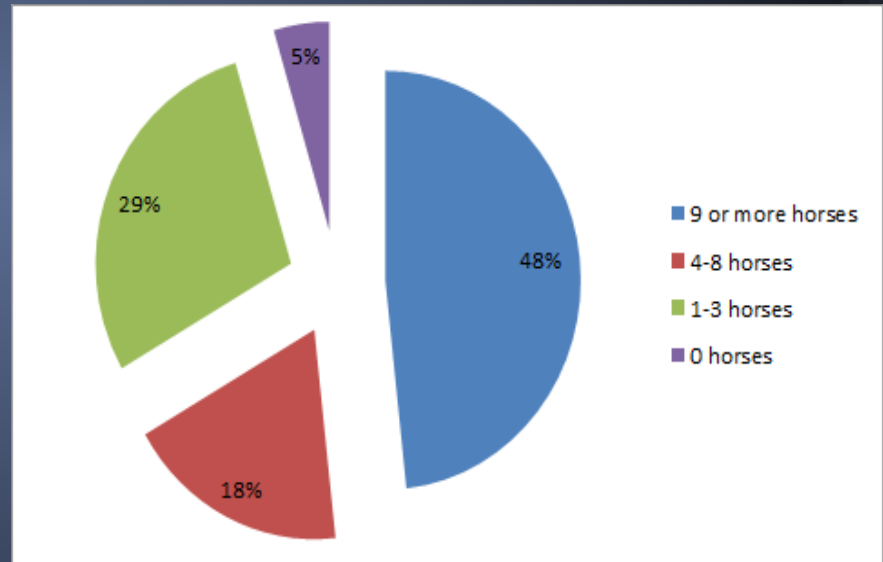
Horses Required

Tax Department Farms



95 % with 4 or more horses

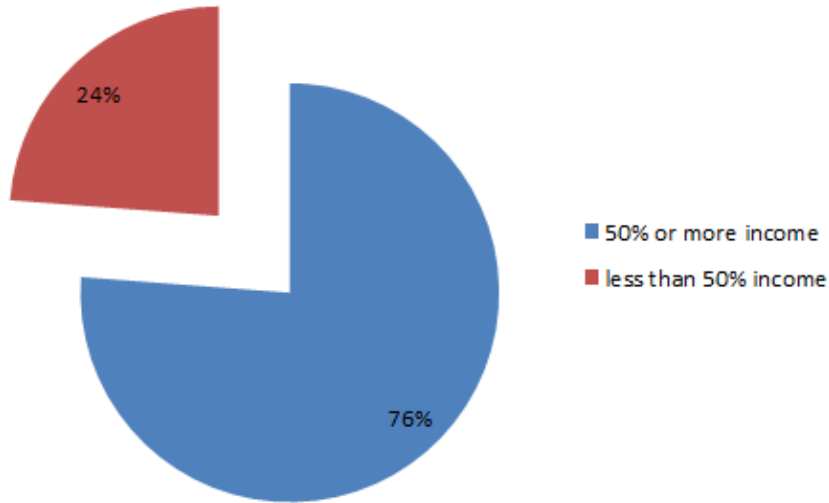
All Equine Farms



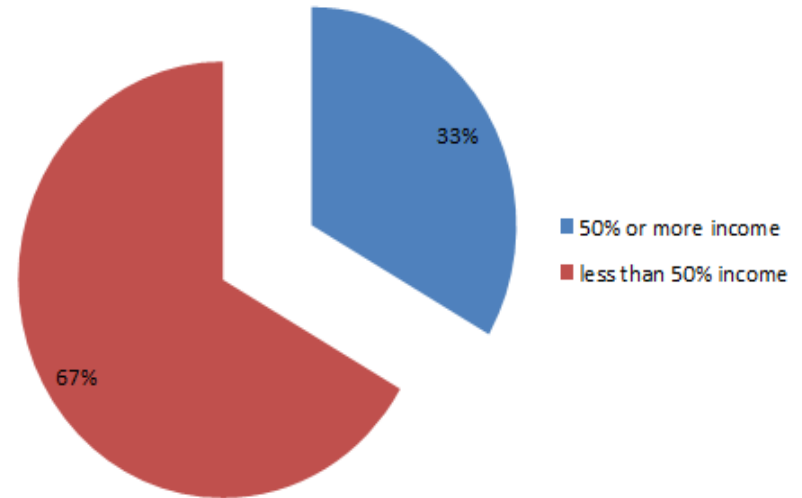
66% with 4 or more horses

Is the Income requirement met?

Tax Department Farms

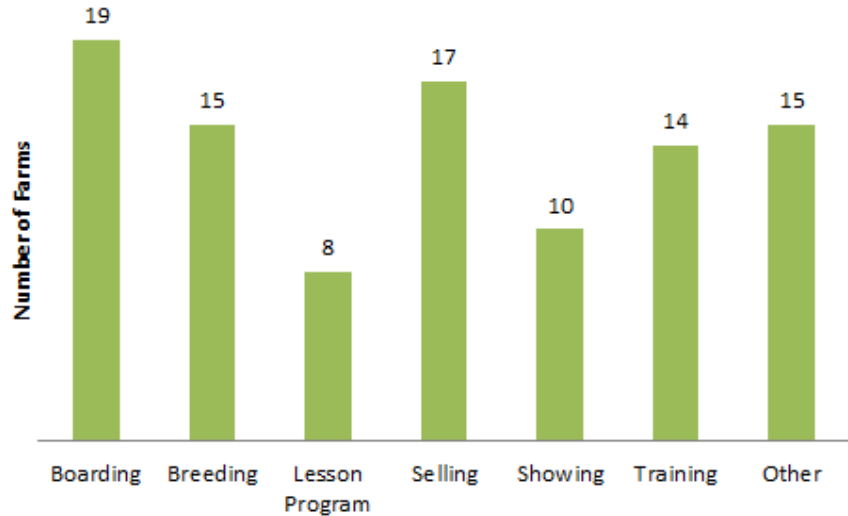


All Equine Farms

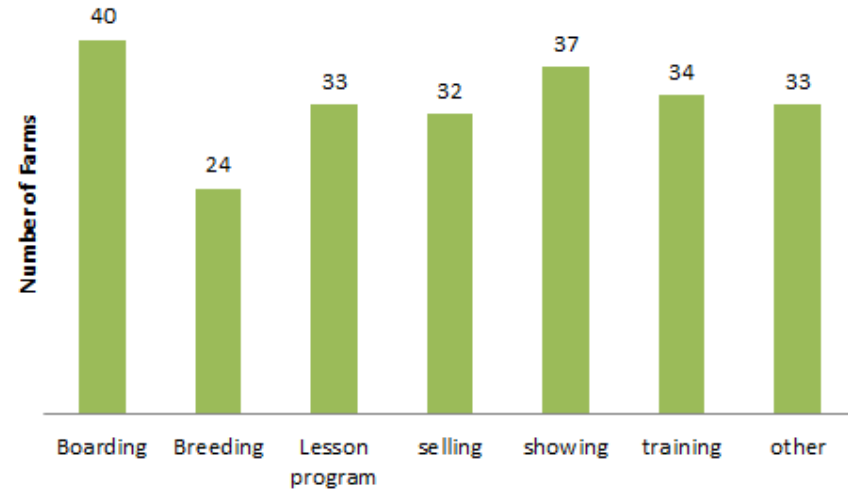


Activities Equine Farmers Participate in

Tax Department Farms



All Farms



Diversified Agriculture

- Tax Department Data: 47.62% of farms also participate in other agricultural practices
 - Haying
 - Maple Production
 - Firewood
- H202 would support farm diversification.



Previous Farm Use

- Tax Department Data: 28.57% of farms were previously used for other agricultural activities.
 - could have qualified for Current Use (beef, hay, dairy, poultry, trees, emus, sugaring, crops, pigs, sheep, goats, fruits, veggies etc.)
- Many farms went out of current use when they became equine farms

Conclusion

Despite being told by the tax department that adding equine farms to current use would cost taxpayers around 3.5 million dollars, information gathered by the survey supported that their estimate is far from accurate.

The purpose of Current Use is to keep VT land open and in agriculture. However, currently equine farm buildings are being excluded from Current Use if they are used for farming activities recognized by the Ag Agency (e.g. boarding horses or giving lessons). These are two practices that are essential for many equine businesses.

Conclusion

Current Use was created to keep land open, yet groups of Vermont farmers who keep land open are being excluded from the agricultural exemptions.

There is a lack of equal treatment for horse farms because the tax department believes it will cost too much to add horses into current use. However, our survey responses showed that several farms in their estimate did not fall under the qualifications for current use.

Thank You



Questions???

