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H.205

An act relating to establishing the Small Farmer Diversification and Transition Program

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 6 V.S.A. chapter 207, subchapter 4 is added to read:

Subchapter 4. Small Farmer Diversification and Transition Program

§ 4631. Small Farmer Diversification and Transition Program

(a) The Small Farmer Diversification and Transition Program is created at the Agency of Agriculture, Food and Markets to provide small farmers in Vermont with State financial assistance to diversify production on a farm or to transition from one form of farming to another. The Agency staff that support the Working Lands Enterprise Board shall administer the Program. Assistance under the Program shall be in the form of grants. Small Farmer Diversification and Transition Program grants shall be used for costs of:

(1) diversifying the farm products produced by the applicant;

(2) transitioning the applicant from one form of farming to another;

(3) processing of farm products on the farm owned or controlled by the applicant; and

(4) development of an accessory on-farm business by the applicant.

1 (b) An applicant for a Small Farmer Diversification and Transition
2 Program grant shall demonstrate to the Secretary of Agriculture, Food and
3 Markets that:

4 (1) the applicant is a small farmer;

5 (2) the applicant houses not more than the number of animals specified
6 under section 4857 of this title;

7 (3) there is potential from the proposed diversification or transition to
8 create additional income for the small farmer;

9 (4) the applicant has a proposed plan for diversification or transition that
10 includes possible markets for the proposed product and probable income; and

11 (5) the applicant is not permitted as a medium farm or large farm at the
12 time of application.

13 (c) The Secretary of Agriculture, Food and Markets shall issue Small
14 Farmer Diversification and Transition Program grants under this section when
15 funds are available for the Program. The maximum amount of a grant under
16 this section shall be \$15,000.00 per farmer per year, and all projects funded by
17 the grant shall be completed within 12 months of receipt of the grant by the
18 small farmer.

19 (d)(1) The Secretary shall provide public notice of available grants and
20 shall provide applicants with technical assistance in complying with
21 application requirements. The Secretary shall publicize the Small Farmer

1 Diversification and Transition Program in newsletters, press releases, e-mail,
2 and other communications from the Agency of Agriculture, Food and Markets.

3 (2) The Secretary shall hold the application process open beginning
4 November 1 of each year and shall close the application period on December
5 31 of each year.

6 (3) Applications shall not be processed until the Secretary determines
7 that the application is administratively complete and includes all required
8 documentation required by the Secretary.

9 (4)(A) The Secretary shall evaluate applications based on the following
10 criteria, which shall be weighted equally:

11 (i) the potential from the proposed diversification or transition to
12 create additional income for the small farmer; and

13 (ii) the viability of the possible markets identified in the plan for
14 the proposed product.

15 (B) The Secretary shall award grants to the applicants according to
16 the total weighted scores beginning with the highest score until all funds are
17 expended.

18 (e) As used in this subchapter:

19 (1) “Farm products” means:

20 (A) crops grown, growing, or to be grown, including:

1 (i) plants grown for food, feed, and fiber, but excluding trees

2 grown for timber purposes;

3 (ii) Christmas trees;

4 (iii) maple sap;

5 (iv) horticultural, viticultural, or orchard crops, and

6 (v) pasture; and

7 (B) livestock, born or unborn, including goods produced in

8 aquacultural operations; or

9 (C) products of crops or livestock produced by the small farmer.

10 (2) “Small farmer” means any person who:

11 (A) earns at least one-half of the person’s annual gross income from

12 the business of farming as that term is defined in Regulation 1.175-3 issued

13 under the Internal Revenue Code of 1986;

14 (B) is engaged in “farming” as that term is defined in 10 V.S.A.

15 § 6001(22), regardless of the size of the parcel, and whose gross income from

16 the sale of the farm products equals at least one-half of the farmer’s annual

17 gross income; or

18 (C) a small farm subject to the Required Agricultural Practices.

19 Sec. 2. APPROPRIATION

20 In addition to any other funds appropriated to the Agency of Agriculture,

21 Food and Markets in fiscal year 2024, \$350,000.00 of one-time funds are

1 appropriated from the General Fund in fiscal year 2024 to the Agency of
2 Agriculture, Food and Markets for purposes of implementing of the Small
3 Farmer Diversification and Transition Program.

4 Sec. 3. EFFECTIVE DATE

5 This act shall take effect on July 1, 2023.