S.323

Introduced by Committee on Agriculture

Date: January 29, 2026

Subject: Agriculture; taxation; personal income tax; property transfer tax; permitting; food processing establishments; miscellaneous subjects

Statement of purpose of bill as introduced: This bill proposes to prohibit municipal regulation of agricultural activities that are subject to the Required Agricultural Practices Rule. This bill also would provide Vermont income, capital gains, and property transfer tax exemptions for certain farmers and certain sales of agricultural property. The bill designates a "farm kitchen operation" as a new category of food processing establishment. This bill clarifies that a milk producer may request an administrative hearing regarding a purchasing dispute. This bill also would enable the Agency of Agriculture, Food and Markets to provide contracts in addition to grants for the Farm-to-School program. The bill repeals the Interstate Pest Control Compact that has ceased operations, makes miscellaneous changes to the exam requirements to become a licensed pesticide applicator, and updates seed laws to conform to common standards. This bill also would give the Vermont Economic Development Authority the authority to administer the Vermont Agricultural Credit Program.

An act relating to miscellaneous agricultural subjects

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

* * * Municipal Agriculture Regulation * * *

Sec. 1. FINDINGS AND INTENT; MUNICIPAL REGULATION OF AGRICULTURE

(a) For purposes of Sec. 2 of this act, the General Assembly finds that:

(1) Since enactment of 2004 Acts and Resolves No. 115, it has been both the intent of the General Assembly and the controlling law that a municipality shall not regulate farming, including the construction of farm structures.

(2) The Vermont Supreme Court's decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27 misconstrued the intent of the General Assembly and reversed application of the past 20 years of law to hold that municipalities may regulate farming by municipal bylaw.

(3) To avoid the unchecked and unintended consequences of the decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, it is necessary for the General Assembly to clarify and restate that municipalities under ordinance or bylaw shall not regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

(b) For purposes of Sec. 2 of this act, it is the intent of the General Assembly to overturn the holding in *In re 8 Taft Street DRB & NOV Appeals*,

2025 VT 27 and to clarify that municipalities lack authority to regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

Sec. 2. 24 V.S.A. § 4413(d) is amended to read:

(d)(1) A bylaw under this chapter shall not regulate:

(A) ~~required agricultural practices, including the construction of farm structures, as those practices are defined by the Secretary of Agriculture, Food and Markets~~ the cultivation or other use of land for growing plants, including for food, fiber, Christmas trees, maple sap, or horticultural, viticultural, and orchard crops;

(B) the raising, feeding, or management of a small backyard poultry flock, excluding roosters;

(C) farming that meets the minimum threshold criteria in the Required Agricultural Practices Rule and is therefore required to comply with the Required Agricultural Practices Rule;

(D) the construction of farm structures, including as defined in the Required Agricultural Practices Rule;

~~(B)~~(E) accepted silvicultural practices, as defined by the Commissioner of Forests, Parks and Recreation, including practices that are in compliance with the Acceptable Management Practices for Maintaining Water

Quality on Logging Jobs in Vermont, as adopted by the Commissioner of Forests, Parks and Recreation; or

~~(C)~~(F) forestry operations.

(2) As used in this section:

(A) "Farming" has the same meaning as in 10 V.S.A. § 6001(22) or in the Required Agricultural Practices Rule.

(B) "Farm structure" means a building, enclosure, or fence for housing livestock, raising horticultural or agronomic plants, or carrying out other practices associated with accepted agricultural or farming practices, including a silo, ~~as "farming" is defined in 10 V.S.A. § 6001(22),~~ but excludes a dwelling for human habitation.

~~(B)~~(C) "Forestry operations" has the same meaning as in 10 V.S.A. § 2602.

(D) "Poultry" has the same meaning as in 6 V.S.A. § 1459(4).

* * *

Sec. 3. Section 3 of the Agency of Agriculture, Food and Markets, Vermont Required Agricultural Practices Rule for the Agricultural Nonpoint Source Pollution Control Program is amended to read:

Section 3. Required Agricultural Practices Activities and Applicability

3.1 Persons engaged in farming and the agricultural practices as defined in Section 3.2 of this rule and who meet the minimum threshold criteria for

applicability of this rule as found in Section 3-1(a)–(g) must meet all applicable Required Agricultural Practices conditions, restrictions, and operating standards, and are not subject to municipal zoning bylaws. Persons engaged in farming who are in compliance with these conditions, restrictions, and operating standards, as applicable, shall be presumed to not have a discharge of agricultural wastes to waters of the State. Compliance with the Required Agricultural Practices Rule is required if a person:

(a) is required to be permitted or certified by the Secretary, consistent with the requirements of 6 V.S.A. Chapter 215 and this rule; or

(b) has produced an annual gross income from the sale of agricultural products of ~~$2,000.00~~ $5,000.00 or more in an average year; or

(c) is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale or donation on a farm that is no less than 4.0 contiguous acres in size; or

(d) is raising, feeding, or managing at least the following number of adult livestock on a farm that is no less than 4.0 contiguous acres in size:

(1) four equines;

(2) five cattle, cows, or American bison;

(3) 15 swine;

(4) 15 goats;

(5) 15 sheep;

~~(6) 15 cervids;~~

(7) 50 turkeys;

~~(8)~~ 50 geese;

(9) 100 laying hens;

(10) 250 broilers, pheasant, Chukar partridge, or Coturnix quail;

(11) three camelids;

(12) four ratites;

(13) 30 rabbits;

(14) 100 ducks;

(15) 1,000 pounds of cultured trout; or

(16) other livestock types, combinations, or numbers as designated by the Secretary based upon or resulting from the impacts upon water quality consistent with this rule; or

(e) is raising, feeding, or managing ~~other~~ livestock ~~types, combinations, and numbers, or managing crops or engaging in other agricultural practices~~ on at least 1.0 and less than 4.0 contiguous acres ~~in size that the Secretary has determined, after the opportunity for a hearing, to be causing adverse water quality impacts and in a municipality where no ordinances are in place to manage the activities causing the water quality impacts~~ and has sufficient land base for appropriate nutrient and waste management. The Secretary has the ~~discretion to determine, after consultation with the appropriate municipal~~

~~authority, if the land base is adequate to properly manage the number and type~~ of livestock while evaluating whether compliance with the Required Agricultural Practices is reasonable or impractical; or

(f) ~~is managed by a farmer filing with the Internal Revenue Service a 1040(F) income tax statement in at least one of the past two years~~ is raising, feeding, or managing livestock on less than 1.0 contiguous acre or on between 1.0 and 4.0 contiguous acres in a municipality that lacks ordinances or bylaws to regulate livestock, and the Secretary determines, after an opportunity for a hearing, that the livestock are causing significant adverse water quality impacts and the Required Agricultural Practices should apply to protect water quality; or

(g) has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.

3.2 The agricultural practices on farms ~~meeting~~ that meet the minimum threshold criteria set forth in Section 3.1 that are governed by this rule and are not subject to municipal zoning bylaws include:

(a) the confinement, feeding, fencing, and watering of livestock;

(b) the storage and handling of agricultural wastes principally produced on the farm;

(c) the collection of maple sap principally produced from trees on the farm and/or production of maple syrup from sap principally produced on the farm;

(d) the preparation, tilling, fertilization, planting, protection, irrigation, and harvesting of crops;

(e) the ditching and subsurface drainage of farm fields and the construction of farm ponds;

(f) the stabilization of farm fields adjacent to banks of surface water, and the establishment and maintenance of vegetated buffer zones and riparian buffer zones;

(g) the construction and maintenance of farm structures, farm roads, and associated infrastructure;

(h) the on-site storage, preparation, production, and sale of fuel or power from agricultural products or wastes principally produced on the farm;

(i) the on-site storage, preparation, and sale of agricultural products principally produced on the farm from raw agricultural commodities principally produced on the farm;

(j) the on-site storage of agricultural inputs for use on the farm including, but not limited to, lime, fertilizer, pesticides, compost and other soil amendments, and the equipment necessary for operation of the farm; and

(k) the management of livestock mortalities produced on the farm.

* * * Vermont Income, Capital Gains, and Property Transfer Tax * * *

Sec. 4. 32 V.S.A. § 5811(21) is amended to read:

(21) "Taxable income" means, in the case of an individual, federal adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

* * *

(B) decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

* * *

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business, and provided that the total amount of decrease under

this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

* * *

(v) the amount of any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E; and

(vi) the amount of interest paid by a qualified resident taxpayer during the taxable year on a qualified education loan for the costs of attendance at an eligible educational institution; and

(vii) the amount of any net farm profit, provided the taxpayer's net farm profit during the taxable year did not exceed $10,000.00; and

(viii) in addition to the exclusion allowed under subdivision (ii) of this subdivision (21)(B), adjusted net capital gain income from the sale of real estate that is part of a farming operation, provided the buyer continues using the real estate as part of a farming operation and:

(I) is related to the seller by blood, marriage, civil union, or adoption; or

(II) was an employee of the farming operation for a minimum of 10 years prior to the sale.

(III) A buyer that purchased real estate pursuant to this subdivision (viii) shall be subject to the tax imposed by this chapter upon development of the real estate by the buyer. If the development by the buyer occurs on a portion of the real estate, the prorated portion of the capital gain shall be subject to the tax imposed by this chapter. The amount of this tax shall be determined as of the date the development occurs. "Development" has the same meaning as in subdivision 3752(5) of this title.

* * *

Sec. 5. 32 V.S.A. § 9603 is amended to read:

§ 9603. EXEMPTIONS

The following transfers are exempt from the tax imposed by this chapter:

* * *

(5) Transfers between two spouses, or parent and child or child's spouse, or grandparent and grandchild or grandchild's spouse, without actual consideration therefor; and also transfers in trust or by decree of court to the extent of the benefit to the donor or one or more of the related persons named in this subdivision; and transfers from a trust named in this subdivision conveying or releasing the property free of trust as between those related persons and without actual consideration therefor.

* * *

(29) Transfers of property that is part of a farming operation, provided the transferee will continue using the real estate as part of a farming operation and:

(A) is related to the seller by blood, marriage, civil union, or adoption; or

(B) was an employee of the farming operation for a minimum of 10 years prior to the transfer.

(C) A buyer that purchased real estate pursuant to this subdivision (29) shall be subject to the tax imposed by this chapter upon development of the real estate by the buyer. If the development occurs on a portion of the real estate, the portion shall be subject to the tax imposed by this chapter. The amount of this tax shall be equal to the tax imposed by this chapter as of the date the development occurs. "Development" has the same meaning as in subdivision 3752(5) of this title.

* * * Accessory On-Farm Structure Permit * * *

Sec. 6. 10 V.S.A. § 6081(t) is amended to read:

(t) No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the storage or sale of qualifying products or the other eligible enumerated products as defined in 24 V.S.A. § 4412(11)(A)(i)(I). No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the

preparation or processing of qualifying products as defined in 24 V.S.A. § 4412(11)(A)(i)(I), provided that ~~more than 50 percent of~~ the total annual sales of the prepared or processed qualifying products that come from products not produced on the farm where the business is located do not exceed $250,000.00. This subsection shall not apply to the construction of improvements related to hosting events or farm stays as part of an accessory on-farm business as defined in 24 V.S.A. § 4412(11)(A)(i)(II).

* * * Agricultural Land Definition * * *

Sec. 7. 32 V.S.A. § 3752(1) is amended to read:

(1) "Agricultural land" means any land, exclusive of any housesite, in active use to grow hay or cultivated crops, pasture livestock, cultivate trees bearing edible fruit, or produce an annual maple product, and that is 25 acres or more in size, except as provided in this subdivision ~~(1)~~. Agricultural land shall include buffer zones as defined and required in the Agency of Agriculture, Food and Markets' Required Agricultural Practices rule adopted under 6 V.S.A. chapter 215. There shall be a presumption that the land is used for agricultural purposes if:

(A) it is owned by a farmer and is part of the overall farm unit;

(B) it is used by a farmer as part of the farmer's operation under written lease for at least three years; or

(C) it has produced an annual gross income from the sale of farm crops or the equivalent value of donated farm crops in one of two, or three of the five calendar years preceding of at least:

(i) $2,000.00 for parcels of up to 25 acres; and

(ii) $75.00 per acre for each acre over 25, with the total income required not to exceed $5,000.00.

(iii) Exceptions to these income requirements may be made in cases of orchard lands planted to fruit-producing trees, bushes, or vines that are not yet of bearing age. As used in this section, the term "farm crops" also includes animal fiber, cider, wine, and cheese, produced on the enrolled land or on a housesite adjoining the enrolled land, from agricultural products grown on the enrolled land.

* * * Farm Kitchens * * *

Sec. 8. 18 V.S.A. § 4301 is amended to read:

§ 4301. DEFINITIONS

(a) As used in this chapter:

* * *

(9) "Farm kitchen operation" means an accessory on-farm business as defined in 24 V.S.A. § 4412 that utilizes a dedicated kitchen facility located on the premises of a working farm for the purposes of preparing, preserving, packaging, labeling, or storing food products derived from crops, livestock, or

other agricultural goods grown or raised on the farm for farm direct sales, donation, or distribution.

(10) "Food" means articles of food, drink, confectionery, or condiment for human consumption, whether simple, mixed, or compound, and all substances and ingredients used in the preparation thereof.

~~(10)~~(11) "Food manufacturing establishment" or "food processor" means all buildings, rooms, basements, cellars, lofts, or other premises or part thereof used, occupied, or maintained for the purpose of manufacturing, preparing, packing, canning, bottling, keeping, storing, handling, serving, or distributing food for sale. A food manufacturing establishment includes food processors, bakeries, cottage food operations, farm kitchen operations, distributers, and warehouses. A food manufacturing establishment does not include a place where only maple syrup or maple products, as defined in 6 V.S.A. § 481, are prepared for human consumption.

~~(11)~~(12) "Food service establishment" means entities that prepare, serve, and sell food to the public, including restaurants, temporary food vendors, caterers, mobile food units, and limited operations as defined in rule.

~~(12)~~(13) "Lodging establishment" means a place where overnight accommodations are regularly provided to the transient, traveling, or vacationing public, including hotels, motels, inns, and bed and breakfasts. "Lodging establishment" does not include short-term rentals.

~~(13)~~(14) "Salvage food" means any food product from which the label on the packaging has been lost or destroyed or that has been subjected to possible damage as the result of an accident, fire, flood, or other cause that prevents the product from meeting the specifications of the manufacturer or the packer but is otherwise suitable for human consumption.

~~(14)~~(15) "Salvage food facility" means any food vendor for which salvage food comprises 50 percent or more of gross sales.

~~(15)~~(16) "Seafood vending facility" means a store, motor vehicle, retail stand, or similar place from which a person sells seafood for human consumption.

~~(16)~~(17) "Shellfish reshipper and repacker" means an establishment engaging in interstate commerce of molluskan shellfish.

~~(17)~~(18) "Short-term rental" means a furnished house, condominium, or other dwelling room or self-contained dwelling unit rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year.

(b) Nothing in this chapter shall be construed to modify or affect laws or rules of the Agency of Agriculture, Food and Markets.

Sec. 9. 18 V.S.A. § 4353 is amended to read:

§ 4353. FEES

(a) The Commissioner may establish by rule any requirement the Department needs to determine the applicable categories or exemptions for licenses. The following license fees shall be paid annually to the Department at the time of making the application according to the following schedules:

* * *

(3) Food manufacturing establishment — a fee for any person or persons that process food for resale to restaurants, stores, or individuals according to the following schedule:

(A) Food manufacturing establishments; nonbakeries

I — Gross receipts of $10,001.00 to $50,000.00; $175.00

II — Gross receipts of over $50,000.00; $275.00

III — Gross receipts of $10,000.00 or less are exempt pursuant to section 4358 of this title

(B) Food manufacturing establishment; bakeries

I — Home bakery; $100.00

II — Small commercial; $200.00

III — Large commercial; $350.00

(C) Food manufacturing establishments; cottage food operations — Gross receipts of $30,000.00 or less from the sale of cottage food products are exempt pursuant to section 4358 of this title.

(D) Food manufacturing establishments; farm kitchen operations $75.00.

* * *

* * * New Electric Generation Facility Siting * * *

Sec. 10. 30 V.S.A. § 248 is amended to read:

§ 248. NEW GAS AND ELECTRIC PURCHASES, INVESTMENTS, AND FACILITIES; CERTIFICATE OF PUBLIC GOOD

(a)(1) No company, as defined in section 201 of this subchapter, may:

* * *

(4)(A) With respect to a facility located in the State, in response to a request from one or more members of the public or a party, the Public Utility Commission shall hold a nonevidentiary public hearing on a petition for such finding and certificate. The public hearing shall either be remotely accessible or held in at least one county in which any portion of the construction of the facility is proposed to be located, or both. The Commission in its discretion may hold a nonevidentiary public hearing in the absence of any request from a member of the public or a party. From the comments made at a public hearing, the Commission shall derive areas of inquiry that are relevant to the findings to be made under this section and shall address each such area in its decision. Prior to making findings, if the record does not contain evidence on such an area, the Commission shall direct the parties to provide evidence on

~~the area. This subdivision (4) does not require the Commission to respond to~~ each individual comment.

* * *

(E) The Agency of Natural Resources and the Agency of Agriculture, Food and Markets shall appear as ~~a party~~ parties in any proceedings held under this subsection (a), shall provide evidence and recommendations concerning any findings to be made under subdivision (b)(5) of this section, and may provide evidence and recommendations concerning any other matters to be determined by the Commission in such a proceeding.

(F) The following shall apply to the participation of the Agency of Agriculture, Food and Markets in proceedings held under this subsection (a):

(i) In any proceeding regarding an electric generation facility that will have a capacity greater than 500 kilowatts or an energy storage facility that will have a capacity greater than 1 megawatt and will be sited on a tract containing primary agricultural soils as defined in 10 V.S.A. § 6001, the Agency shall appear as a party and provide evidence and recommendations concerning any findings to be made under subdivision (b)(5) of this section on those soils and may provide evidence and recommendations concerning any ~~other matters to be determined by the Commission in such a proceeding.~~

(ii) In a proceeding other than one described in subdivision (i) of this subdivision (4)(F), the Agency shall have the right to appear and participate.

* * *

(J) This subdivision (J) applies to an application for an electric generation facility with a capacity that is greater than 50 kilowatts and to an application for an energy storage facility that is greater than 1 megawatt, unless the facility is located on a new or existing structure the primary purpose of which is not the generation of electricity. In addition to any other information required by the Commission, the application for such a facility shall include information that delineates:

(i) the full limits of physical disturbance due to the construction and operation of the facility and related infrastructure, including areas disturbed due to the creation or modification of access roads and utility lines and the clearing or management of vegetation;

(ii) the presence and total acreage of primary, secondary, and local importance agricultural soils as defined in 10 V.S.A. § 6001 and by the Natural Resources Conservation Service on each tract to be physically disturbed in connection with the construction and operation of the facility, the amount of those soils to be disturbed, and any other proposed impacts to those soils;

(iii) all visible infrastructure associated with the facility; and

(iv) all impacts of the facility's construction and operation under subdivision (b)(5) of this section, including impacts due to the creation or modification of access roads and utility lines and the clearing or management of vegetation.

* * *

(b) Before the Public Utility Commission issues a certificate of public good as required under subsection (a) of this section, it shall find that the purchase, investment, or construction:

* * *

(2)(A) Is required to meet the need for present and future demand for service that could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy-efficiency and load management measures, including those developed pursuant to the provisions of subsection 209(d), section 218c, and subsection 218(b) of this title. In determining whether this criterion is met, the Commission shall assess the environmental and economic costs of the purchase, investment, or construction in the manner set out under subdivision 218c(a)(1) (least cost integrated plan) of this title and, as to a generation facility, shall consider whether the facility will avoid, reduce, or defer transmission or distribution system investments.

(B) With respect to a solar energy generation facility, to meet this criterion, a Vermont-licensed engineering firm approved by the Department of Environmental Conservation shall perform a full-spectrum audit of energy payback time and carbon dioxide emissions at the cost of the applicant. The audit shall include a cradle-to-grave calculation, including resource extraction; mining and procurement; production manufacturing and transportation; deployment and disposal of all technologies required, including solar panels concrete, footings, transformers, and batteries; forest ecosystem destruction; foregoing 25 years of agricultural crops; and construction and landscaping of the project.

* * *

(5) With respect to an in-state facility, will not have an undue adverse effect on aesthetics, historic sites, air and water purity, the natural environment, the use of natural resources, and the public health and safety, with due consideration having been given to the criteria specified in 10 V.S.A. §§ 1424a(d) and 6086(a)(1) through (8) and (9)(K), impacts to primary agricultural soils, agricultural soils of statewide importance or local importance as defined in 10 V.S.A. § 6001 and as designated by the Natural Resources Conservation Service, and greenhouse gas impacts. The siting of a facility or group of physically adjacent or interrelated facilities such that facility structures and related infrastructure preclude the tilling of soil, seeding,

growing, or harvesting of agricultural crops on greater than five acres of primary, statewide, or local importance agricultural soils, or reduce future Vermont-based food security or will result in the destruction of forest ecosystems, forest soils and their unique biology, or increased volatilization and release of forest soil carbon on more than five acres shall be considered undue and not in the public good.

* * *

* * * Milk Producers * * *

Sec. 11. 6 V.S.A. § 2752 is amended to read:

§ 2752. REFUSAL TO PURCHASE; HEARING; SECRETARY'S ORDER

(a) A handler doing business in this State who has a contract either verbal or written with a producer residing in this State for the purchase of the producer's dairy products shall not refuse to purchase them from the producer except for violations of the sanitary rules or standards applicable to the market in which the dairy product is sold or marketed, without being deemed guilty of unfair discrimination. In the event that the refusal is to be based upon reasons of oversupply or other reasonable grounds, the refusal shall not become operative until the purchaser has given the producer at least 90 days' notice of intention to refuse the producer's product on these grounds, which shall be particularly set forth in writing so that the producer may be fully appraised of the refusal.

(b) If the producer desires to question the existence or validity of such grounds of refusal, ~~he or she~~ the producer may do so within 90 days after receiving the notice or refusal by requesting the Secretary of Agriculture, Food and Markets for a hearing, and the Secretary is hereby given jurisdiction to hear and determine the question. The producer shall make complaints of such contemplated refusal in writing to the Secretary, setting forth the substance of the refusal notice and requesting to be heard thereon. The Secretary shall then notify both the producer and the purchaser in writing, sent to them by registered mail, of the time and place of hearing thereon. The time of the hearing shall not be less than 10 nor more than 30 days from the date of the notice. Hearing shall be informal. Both parties shall have an opportunity to produce evidence.

* * *

(d) If a request for a hearing is made by a ~~purchaser~~ producer, refusal of the purchaser shall not become operative until hearing and decision in the purchaser's favor by the Secretary.

* * *

* * * Farm-to-School Program Contracts * * *

Sec. 12. 6 V.S.A. § 4721 is amended to read:

~~§ 4721. LOCAL FOODS GRANT PROGRAM~~

(a) There is created in the Agency of Agriculture, Food and Markets the Rozo McLaughlin Farm-to-School Program to execute, administer, and ~~award~~ provide local grants or contracts for the purpose of helping Vermont schools develop farm-to-school programs that will sustain relationships with local farmers and producers, enrich the educational experience of students, improve the health of Vermont children, and enhance Vermont's agricultural economy.

(b) A school, a school district, a consortium of schools, a consortium of school districts, a registered or licensed child care provider, or an organization administering or assisting the development of farm-to-school programs may apply to the Secretary of Agriculture, Food and Markets for a grant ~~award~~ or contract to:

* * *

(c) The Secretaries of Agriculture, Food and Markets and of Education and the Commissioner of Health, in consultation with farmers, child nutrition staff, educators, organizations administering or assisting the development of farm-to-school programs, and farm-to-school technical service providers, jointly shall adopt procedures relating to the content of ~~the~~ grant ~~application~~ applications or contract bids and the criteria for making awards.

* * *

(e) No ~~award~~ individual grant or contract shall be greater than 20 percent of the total annual amount funds available for granting except that a grant an

award to the following entities may, at the discretion of the Secretary of Agriculture, Food and Markets, exceed the cap:

(1) Farm-to-School service providers; or

(2) school districts or consortiums of school districts that completed merger under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46 on or before July 1, 2019, provided that the ~~grant is~~ funds are used for the purpose of expanding Farm-to-School projects to additional schools within the new school district.

* * * Pest Control Compact Repeal * * *

Sec. 13. REPEAL

6 V.S.A. chapter 83 (Pest Control Compact) is repealed on July 1, 2026.

* * * Amending Pesticide Exam Requirements * * *

Sec. 14. 6 V.S.A. § 1112 is amended to read:

§ 1112. LICENSING PESTICIDE APPLICATORS; PESTICIDE COMPANIES; DEALERS

(a) The Secretary may adopt rules requiring persons selling Class A and B pesticides to be licensed under this chapter. In addition, the Secretary may adopt rules requiring companies that hire applicators or conduct pesticide applications to be licensed and applicators who use pesticides to be certified under this chapter. The Secretary may establish reasonable requirements for

obtaining licenses and certificates. The fees for dealers, licensed companies, and applicator certificates under this chapter shall be as follows:

(1) Class A Dealer License—$50.00;

(2) Class B Dealer License—$50.00;

(3) Pesticide Company License—$75.00;

(4) Commercial ~~and,~~ Noncommercial, and Government Applicator Certification fee—$30.00 per category or subcategory with a maximum of $120.00;

(5) ~~second and third time examination~~ Examination fee for dealer licenses and applicator certification—$25.00; and

(6) Private Applicator—$25.00~~; and~~.

~~(7) State Government, Municipal, and Public Education Institution Applicators—$30.00.~~

* * *

(e) There shall be no limitation on the frequency for retaking examinations for private, commercial, noncommercial, or government applicator certifications or dealer licenses.

* * * Seed Law Conforming to Universal Standards * * *

Sec. 15. 6 V.S.A. § 641 is amended to read:

§ 641. DEFINITIONS

~~(a) As used in this chapter:~~

(1) "Agricultural seed" includes grass, forage, cereal, oil, fiber, and other kinds of crop seeds commonly recognized as agricultural seeds, lawn seeds, and combinations of such seeds, and may include noxious weed seeds ~~used~~ when the Secretary determines an appropriate use as agricultural seed.

(2) "Secretary" means the Secretary of Agriculture, Food and Markets or ~~his or her~~ the Secretary's designee.

(3) "Agency" means the Agency of Agriculture, Food and Markets.

(4) "Flower seed" includes seed of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts and commonly known and sold under the name of flower or wildflower seed in this State.

(5) "Labeling" ~~includes~~ means tags or other devices attached to, or written, stamped, or printed on, any container or accompanying any lot of bulk seeds that are used to provide the seed label information required by this chapter. "Labeling" includes additional information that describes labeled seed.

(6) "Noxious weed seeds" include:

(A) "Prohibited noxious weed seeds," or those weed seeds that are prohibited from being present in agricultural ~~and~~, vegetable, flower, tree, or shrub seed. They are the seeds of weeds that are highly destructive and difficult to control by good cultural practices and the use of herbicides.

(B) ~~The term "restricted noxious weed seeds," or those weed seeds~~ that are objectionable in agricultural crops, lawns, and gardens of this State and that ~~are difficult to control~~ can be controlled by good cultural practices or the use of herbicides.

* * *

(8) "Weed seeds" ~~mean~~ means the seeds of all plants generally recognized as weeds within this State and ~~include~~ includes prohibited and noxious weed seeds.

* * *

(11) "Distribute" means to import, manufacture, produce, mix, blend, offer for sale, sell, barter, or supply seed for the purpose of sowing in the State through any means, including sales outlets, catalogues, the telephone, the internet, or any electronic means.

(12) "Distributor" means any person who distributes seeds in or into the State and affixes the labeling or any relabeling required in section 644 of this chapter.

(13) "Treated" means seed that received an application of a substance or process designed to reduce, control, or repel certain disease organisms, insects, or other pests from attaching to the seed or seedlings, or designed to enhance the availability or uptake of plant nutrients through root systems.

(b) In addition to the terms defined in subsection (a) of this section and to facilitate uniform seed requirements, the Secretary may apply any other term or definition that the Association of American Seed Control Officials adopted in its *Recommended Uniform State Seed Law*, as amended.

Sec. 16. 6 V.S.A. § 642 is amended to read:

§ 642. DUTIES AND AUTHORITY OF THE SECRETARY

(a) The Secretary shall enforce and carry out the provisions of this subchapter, including:

(1) Sampling, inspecting, making analysis of, and testing seeds subject to the provisions of this subchapter that are ~~transported, sold, or offered or exposed for sale within~~ distributed in or into the State for sowing purposes. The Secretary shall notify promptly a person who ~~sells, offers, or exposes~~ distributes seeds ~~for sale and, if appropriate, the person who labels or transports seeds~~ of any violation and seizure of the seeds or order to cease sale of the seeds under section 643 of this title.

* * *

Sec. 17. 6 V.S.A. § 644 is amended to read:

§ 644. LABEL REQUIREMENTS FOR AGRICULTURAL, FLOWER, AND VEGETABLE SEEDS

(a) Each container of agricultural, flower, and vegetable seeds that is ~~sold~~ distributed in this State for sowing purposes shall be labeled:

(1) All labels shall include:

* * *

(E) the name and address of the ~~labeler or~~ distributor responsible for labeling the seed.

(2) For all treated agricultural, vegetable, and flower seeds ~~that have been treated~~, the label or an additional label shall include:

(A) ~~a~~ A word or statement ~~indicating that~~ describing the seed ~~has been treated with~~ treatment and identifying the commonly accepted chemical name or abbreviated chemical name of the applied substance, or a description of the process used.

(B) ~~A caution statement shall be set forth if~~ If the substance in the amount present with the seed is harmful to human or other vertebrate animals~~.~~, an appropriate caution statement like "Do not use for food, feed, or oil purposes." The caution statement for mercurial and similarly toxic substances shall be a poison statement or symbol.

(3) For seed treated with an inoculant, the label shall state the ~~date of~~ expiration ~~of~~ date, meaning the date beyond which the inoculant is not considered effective.

* * *

(5) All bins and other bulk displays of agricultural, flower, grass, and vegetable seeds, or mixtures of the described seeds, shall be labeled with the

~~same information that is required to be on containers of agricultural, flower, or~~ vegetable seeds as applicable.

* * *

Sec. 18. 6 V.S.A. § 646(b) is amended to read:

(b) No person shall be subject to the penalties of this subchapter for ~~having sold or offered for sale~~ distributing seeds subject to provisions of this subchapter that were incorrectly labeled or represented as to kind, species, and subspecies; variety; type; or origin, unless the person has failed to obtain an invoice, genuine grower's declaration, or other labeling information or to take such other reasonable precautions to ensure that the identity of the seed is set forth. "Genuine grower's declaration" means a statement signed by the grower that gives for each lot of seed the lot number, kind, variety (if known), origin, weight, year of production, date of shipment, and to whom the shipment was made.

Sec. 19. 6 V.S.A. § 647 is amended to read:

§ 647. ADMINISTRATIVE PENALTIES

(a) The Secretary may assess administrative penalties, not to exceed $250.00 for each offense, in any case ~~he or she~~ the Secretary determines that a ~~person has committed any of the following violations:~~

(1) ~~sold~~ Distributed ~~seed products without paying the seed inspection fees for hundredweight~~ tonnage or ~~seed~~ registration fee under section 648 of this title~~:~~.

(2) ~~sold~~ Distributed seed ~~products~~ within the State of Vermont found deficient in guarantee analysis and labeling as defined by rule~~; or~~.

(3) Failed to report the quantity of genetically engineered, treated, and untreated seed sold in the State during the previous calendar year. Reporting shall be completed on forms the Secretary prescribes and may include seed categories, traits, Environmental Protection Agency pesticide product numbers, active ingredients, application rate on seed, and other information the Secretary requires.

~~(3)~~(4) ~~violated~~ Violated a stop sale order.

* * *

Sec. 20. 6 V.S.A. § 648 is amended to read:

§ 648. ~~INSPECTIONS~~ REGISTRATION AND REPORTING

(a) ~~Inspection~~ No person shall distribute seed without registering annually. Registration fees shall be paid to the Secretary by a manufacturer ~~or~~, processor, or distributer that distributes seed in or into the State. ~~Fees shall be established as follows:~~ The registration fee is $85.00 annually for each distributor that distributes any seed in or into the State. Registration is for the calendar year and expires on the last day of December each year.

~~(1) $10.00 per ton for any seed sold in containers of more than 10 pounds; and~~

~~(2) a flat fee of $85.00 per company for any seed sold.~~

(b) The following shall be exempt from ~~the inspection fee~~ registration requirements:

(1) seed not intended for sowing purposes;

(2) seed in storage in, or consigned to, a seed cleaning or processing establishment for cleaning or processing; ~~and~~

(3) seed grown, sold, and delivered by a producer on ~~his or her~~ the producer's own premises for seeding purposes to the ultimate consumer, provided such seed has neither been advertised for sale nor been delivered via commercial carrier, and provided the seed contains no prohibited noxious weed seeds or not more than one restricted noxious weed seed per 2,000 ~~of the~~ seeds ~~being sold.~~; and

(4) interpersonal sharing of seed for home, educational, charitable, or personal noncommercial use.

(c) The following reports are required:

(1) ~~For those seeds sold~~ A manufacturer, processor, or distributor distributing seed in containers of more than 10 pounds~~, a~~ must file an annual report ~~shall be filed annually~~ on or before January 15 on forms supplied by the Secretary regarding sales distribution of seed during the previous calendar year

~~and fees based on the. A fee of $10.00 per ton rate shall accompany the report. Reporting periods are January 1-June 30 and July 1-December 31~~ of seeds distributed in containers of more than 10 pounds shall accompany the report and is due annually on or before January 15. If a registrant or distributor does not distribute any seed during the calendar year, a report indicating that no distribution occurred must be submitted.

(2) For all seeds distributed in or into Vermont regardless of container size, the manufacturer, processor, or distributor distributing the seed shall report annually on or before February 15 to the Secretary on a form supplied by the Secretary. At minimum, the form will require disclosure of the quantity of seeds containing genetically engineered material, treated seed, and untreated seed distributed during the previous calendar year. The following requirements also apply:

(A) for seeds containing genetically engineered material, the seed type, a brand name for the combination of traits, and any other information the Secretary determines is appropriate; and

(B) for pesticide treated article seed, the Environmental Protection Agency pesticide registration number, application rate on seed by the seed type, and any other information the Secretary determines is appropriate.

~~(d) For those seeds sold in containers of 10 pounds or less, the fee of $85.00 per company shall be paid annually prior to distribution in the State. Fees shall be paid annually on January 1.~~

~~(e)~~(d) All fees shall be deposited in the special fund created by subsection 364(f) of this title and used in accordance with its provisions.

~~(f)~~(e) The Secretary may waive ~~seed inspection~~ fees under this chapter, based on the number of seed varieties sold, and for the sale of heirloom seed varieties.

~~(g) For seeds sold in Vermont that contain genetically engineered material, the manufacturer or processor distributing such seed in Vermont shall report annually on or before February 15 to the Secretary on forms supplied by the Secretary regarding sales during the previous calendar year.~~

~~(h) For agricultural seeds sold in Vermont, the manufacturer or processor distributing the seed in Vermont shall report annually on or before February 15 to the Secretary on forms supplied by the Secretary regarding the quantity of treated article seed and the quantity of untreated seed sold in Vermont during the previous calendar year.~~

* * * Consolidate VACP within VEDA * * *

Sec. 21. TRANSFER OF VERMONT AGRICULTURAL CREDIT PROGRAM

10 V.S.A. chapter 16A (Vermont Agricultural Credit Program) is repealed for the purpose of redesignation as 10 V.S.A. chapter 12, subchapter 16.

Sec. 22. 10 V.S.A. chapter 12, subchapter 16 is added to read:

Subchapter 16. Vermont Agricultural Credit Program

§ 280hh. DEFINITIONS

As used in this subchapter:

(1) "Agricultural facility" means land and rights in land, buildings, structures, machinery, and equipment that is used for, or will be used for, producing, processing, preparing, packaging, storing, distributing, marketing, or transporting agricultural or forest products that have been at least partially produced in this State, and working capital reasonably required to operate an agricultural facility.

(2) "Agricultural land" means real estate capable of supporting commercial farming or forestry, or both.

(3) "Agricultural products" means crops, livestock, forest products, and other farm or forest commodities produced as a result of farming or forestry activities.

(4) "Cash flow" means, on an annual basis, all income, receipts, and revenues of the applicant or borrower from all sources and all expenses of the applicant or borrower, including all debt service and other expenses.

(5) "Farm operation" means the cultivation of land or other uses of land for the production of food, fiber, horticultural, silvicultural, orchard, maple syrup, Christmas trees, forest products, or forest crops; the raising, boarding, and training of equines, and the raising of livestock; or any combination of the foregoing activities. "Farm operation" also means the storage, preparation, retail sale, and transportation of agricultural or forest commodities accessory to the cultivation or use of such land. "Farm operation" also means the operation of an agritourism business on a farm subject to regulation under the Required Agricultural Practices. "Farm operation" also means a business that provides specialty services to farmers, such as foresters, farriers, hoof trimmers, or large animal veterinarians operating or proposing to operate mobile units.

(6) "Farm ownership loan" means a loan to acquire or enlarge a farm or agricultural facility; to make capital improvements, including construction, purchase, and improvement of farm and agricultural facility buildings, farm worker housing, or farmer housing that can be made fixtures to the real estate; to promote soil and water conservation and protection or provide housing; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(7) "Farmer" means an individual directly engaged in the management or operation of an agricultural facility or farm operation for whom the agricultural facility or farm operation constitutes two or more of the following:

(A) is or is expected to become a significant source of the farmer's income;

(B) the majority of the farmer's assets; and

(C) an occupation in which the farmer is actively engaged, either on a seasonal or year-round basis.

(8) "Forest products business" means an enterprise that is engaged in managing, harvesting, trucking, processing, manufacturing, crafting, or distributing forest products at least partially derived from Vermont forests.

(9) "Livestock" includes cattle, sheep, goats, equines, fallow deer, red deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge, coturnix quail, ferrets, camelids and ratites, cultured trout propagated by commercial trout farms, and bees.

(10) "Loan" means an operating loan or farm ownership loan, including a financing lease, provided that such lease transfers the ownership of the leased property to each lessee following the payment of all required lease payments as specified in each lease agreement.

(11) "Operating loan" means a loan to purchase livestock, farm or forestry equipment, or fixtures to pay annual operating expenses of a farm

operation or agricultural facility; to pay loan closing costs; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(12) "Program" means the Vermont Agricultural Credit Program established by this subchapter.

(13) "Project" or "agricultural project" means the creation, establishment, acquisition, construction, expansion, improvement, strengthening, reclamation, operation, or renovation of an agricultural facility or farm operation.

280ii. VERMONT AGRICULTURAL CREDIT PROGRAM

(a) The Vermont Agricultural Credit Program provides an alternative source of sound and constructive credit to farmers and forest products businesses who are not having their credit needs fully met by conventional agricultural credit sources at reasonable rates and terms; or, in the alternative, the granting of the loan shall serve as a substantial inducement for the establishment or expansion of an eligible agricultural or forestry project within the State. The Program is intended to meet, either in whole or in part, the credit needs of eligible agricultural facilities and farm and forest operations in fulfillment of one or more of the purposes listed in this subsection by making direct loans and participating in loans made by other agricultural credit providers:

(1) to encourage diversification, cooperative farming, and the development of innovative techniques for farming and forest products businesses;

(2) to increase energy efficiency and reduce energy consumption in agricultural facilities, including the construction of water pollution control facilities that implement best management practices for farm waste abatement pursuant to 6 V.S.A. chapter 215;

(3) to encourage innovative and diversified processing, marketing, and distribution of Vermont agricultural products;

(4) to assist beginning farmers to start new farms and new agricultural facilities to commence or strengthen their operations;

(5) to assist or financially strengthen existing farms; and

(6) to refinance loans incurred by eligible borrowers for any of the purposes enumerated in subdivisions (1) through (5) of this subsection.

(b) No borrower shall be approved for a loan from the Authority that would result in the aggregate principal balances outstanding of all loans to that borrower exceeding $5,000,000.00.

280jj. GENERAL POWERS

The Authority shall have the powers necessary to carry out the purposes and provisions of this program and subchapter, including those general powers conferred on the Authority in section 216 of this title.

~~280kk. LOAN ELIGIBILITY STANDARDS~~

A farmer, forest products business, or a limited liability company, partnership, corporation, or other business entity with a minimum 20 percent ownership of which is vested in one or more farmers, forest products businesses, or a nonprofit corporation, shall be eligible to apply for a farm ownership or operating loan that shall be intended to expand the agricultural economy or forest economy of the State, provided the applicant is:

(1) an owner, prospective purchaser, or lessee of agricultural land in the State or of depreciable machinery, equipment, or livestock to be used in the State;

(2) a person of sufficient education, training, or experience in the operation and management of an agricultural facility or farm operation or forest products business of the type for which the applicant requests the loan;

(3) an operator or proposed operator of an agricultural facility, farm operation, or forest products business for whom the loan reduces investment costs to an extent that offers the applicant a reasonable chance to succeed in the operation and management of an agricultural facility or farm operation;

(4) a creditworthy person under such standards as the Authority may establish;

(5) able to provide and maintain adequate security for the loan by a mortgage on real property or a security agreement and perfected financing statement on personal property;

(6) able to demonstrate that the applicant is responsible and able to manage responsibilities as owner or operator of the farm operation, agricultural facility, or forest products business;

(7) able to demonstrate that the applicant has made adequate provision for insurance protection of the mortgaged or secured property while the loan is outstanding;

(8) a person who possesses the legal capacity to incur loan obligations;

(9) in compliance with such other reasonable eligibility standards as the Authority may establish;

(10) able to demonstrate that the project plans comply with all regulations of the municipality where it is to be located and of the State of Vermont;

(11) able to demonstrate that the making of the loan will be of public use and benefit;

(12) able to demonstrate that the proposed loan will be adequately secured by a mortgage on real property or by a security agreement on personal property; and

~~(13) able to demonstrate that there will be sufficient projected cash flow~~ to service a reasonable level of debt, including the loan or loans, being considered by the Authority.

* * * Permitting Large and Medium Farm Operations * * *

Sec. 23. 6 V.S.A. § 4851(i) is amended to read:

(i) ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit under this section shall ~~submit~~ not be required to pay an annual operating fee ~~of~~ ~~$2,500.00~~ to the Secretary. ~~During any calendar year in which a person has an active Large Concentrated Animal Feeding Operation permit issued by the Agency of Natural Resources pursuant to the federal Clean Water Act and pays the required associated fee, that person shall not be required to pay the $2,500.00 annual operating fee described in this section. The fees collected under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

Sec. 24. 6 V.S.A. § 4858(e) is amended to read:

(e) Operating fee. ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit or coverage under this section shall ~~submit~~ not be required to pay an annual operating fee ~~of $1,500.00~~ to the Secretary. ~~The fees collected under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

~~* * * Floor Drain Permitting Study * * *~~

Sec. 25. FLOOR DRAIN PERMITTING STUDY; REPORT

(a) The Agency of Natural Resources, in coordination with the Agency of Agriculture, Food and Markets, shall convene a stakeholder group to report on how to address the permitting process for installation of floor drains for purposes of disposing process wastewater into underground injection wells to better support farmers and their role in the agricultural economy. For purposes of this study, "process wastewater" has the same meaning as defined in Agency of Natural Resources, Department of Environmental Conservation Environmental Protection Rules, Chapter 11, Underground Injection Control Regulations, Section 11-201.

(b) The group shall examine how the permitting process for installation of floor drains currently works and whether there are shortcomings or challenges. The group shall examine the permitting process holistically to understand and explain the roles of the Agency of Natural Resources and the Agency of Agriculture, Food and Markets. The group shall develop recommendations to find efficiencies in the entire process or recommend an alternative permitting process.

(c) The Secretary of Natural Resources shall submit the report to the House Committees on Agriculture, Food Resiliency, and Forestry and on Environment and the Senate Committees on Agriculture and on Natural Resources and Energy on or before January 15, 2027.

~~* * * Effective Date * * *~~

Sec. 26. EFFECTIVE DATE

~~This act shall take effect on July 1, 2026.~~

~~* * * Municipal Agriculture Regulation * * *~~

Sec. 1. FINDINGS AND INTENT; MUNICIPAL REGULATION OF AGRICULTURE

(a) For purposes of Sec. 2 of this act, the General Assembly finds that:

(1) Since enactment of 2004 Acts and Resolves No. 115, it has been both the intent of the General Assembly and the controlling law that a municipality shall not regulate farming, including the construction of farm structures.

(2) The Vermont Supreme Court's decision in In re 8 Taft Street DRB & NOV Appeals, 2025 VT 27 reversed application of at least the past 20 years of law to hold that municipalities may regulate farming by municipal bylaw.

(3) To avoid the unintended consequences of the decision in In re 8 Taft Street DRB & NOV Appeals, 2025 VT 27, it is necessary for the General Assembly to clarify and restate that municipalities under ordinance or bylaw shall not regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

(4) In addition, the General Assembly finds that municipalities shall not regulate by bylaw the growing of plants and the raising of a small backyard poultry flock, excluding roosters.

(b) For purposes of Sec. 2 of this act, it is the intent of the General Assembly to overturn the holding in In re 8 Taft Street DRB & NOV Appeals, 2025 VT 27 and to clarify that municipalities lack authority to regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

Sec. 2. 24 V.S.A. § 4413(d) is amended to read:

(d)(1) A bylaw under this chapter shall not regulate:

(A) ~~required agricultural practices, including the construction of farm structures, as those practices are defined by the Secretary of Agriculture, Food and Markets~~ the cultivation or other use of land for growing plants, including for food, fiber, Christmas trees, maple sap, or horticultural, viticultural, and orchard crops;

~~(B) the raising, feeding, or management of a small backyard poultry flock, excluding roosters;~~

(C) farming that meets the minimum threshold criteria in the Required Agricultural Practices Rule and is therefore required to comply with the Required Agricultural Practices Rule;

(D) the construction of farm structures, including as defined in the Required Agricultural Practices Rule;

~~(B)~~(E) accepted silvicultural practices, as defined by the Commissioner of Forests, Parks and Recreation, including practices that are in compliance with the Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont, as adopted by the Commissioner of Forests, Parks and Recreation; or

~~(C)~~(F) forestry operations.

(2) As used in this section:

(A) "Farming" has the same meaning as in 10 V.S.A. § 6001(22) or in the Required Agricultural Practices Rule.

(B) "Farm structure" means a building, enclosure, or fence for housing livestock, raising horticultural or agronomic plants, or carrying out other practices associated with accepted agricultural or farming practices, including a silo, ~~as "farming" is defined in 10 V.S.A. § 6001(22),~~ but excludes a dwelling for human habitation.

~~(B)~~(C) "Forestry operations" has the same meaning as in 10 V.S.A. § 2602.

(D) "Poultry" has the same meaning as in 6 V.S.A. § 1459(4).

* * *

Sec. 3. Section 3 of the Agency of Agriculture, Food and Markets, Vermont Required Agricultural Practices Rule for the Agricultural Nonpoint Source Pollution Control Program is amended to read:

Section 3. Required Agricultural Practices Activities and Applicability

3.1 Persons engaged in farming and the agricultural practices as defined in Section 3.2 of this rule and who meet the minimum threshold criteria for applicability of this rule as found in Section 3.1(a)–(g) must meet all applicable Required Agricultural Practices conditions, restrictions, and operating standards, and are not subject to municipal zoning bylaws. Persons engaged in farming who are in compliance with these conditions, restrictions, and operating standards, as applicable, shall be presumed to not have a

discharge of agricultural wastes to waters of the State. Compliance with the Required Agricultural Practices Rule is required if a person:

(a) is required to be permitted or certified by the Secretary, consistent with the requirements of 6 V.S.A. Chapter 215 and this rule; or

(b) has produced an annual gross income from the sale of agricultural products of ~~$2,000.00~~ $5,000.00 or more in an average year; or

(c) is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale or for charitable contributions of farm crops that are allowable under 26 U.S.C. § 170(c) and that are made to an organization that is unrelated to the owner of the ~~enrolled~~ land on a farm that is no less than 4.0 contiguous acres in size; or

(d) is raising, feeding, or managing at least the following number of adult livestock on a farm that is no less than 4.0 contiguous acres in size:

(1) four equines;

(2) five cattle, cows, or American bison;

(3) 15 swine;

(4) 15 goats;

(5) 15 sheep;

(6) 15 cervids;

(7) 50 turkeys;

(8) 50 geese;

(9) 100 laying hens;

(10) 250 broilers, pheasant, Chukar partridge, or Coturnix quail;

(11) three camelids;

(12) four ratites;

(13) 30 rabbits;

(14) 100 ducks;

(15) 1,000 pounds of cultured trout; or

(16) other livestock types, combinations, or numbers as designated by the Secretary based upon or resulting from the impacts upon water quality consistent with this rule; or

(e) is raising, feeding, or managing ~~other~~ livestock ~~types, combinations, and numbers, or managing crops or engaging in other agricultural practices~~

~~of at least 1.0 and less than 4.0 contiguous acres in size that the Secretary has determined, after the opportunity for a hearing, to be causing adverse water quality impacts and in a municipality where no ordinances are in place to manage the activities causing the water quality impacts~~ and has sufficient land base for appropriate nutrient and waste management. The Secretary has the discretion to determine, after consultation with the appropriate municipal authority, if the land base is adequate to properly manage the number and type of livestock while evaluating whether compliance with the Required Agricultural Practices is reasonable or impractical; or

(f) ~~is managed by a farmer filing with the Internal Revenue Service a 1040(F) income tax statement in at least one of the past two years~~ is raising, feeding, or managing livestock on less than 1.0 contiguous acre or on between 1.0 and 4.0 contiguous acres in a municipality that lacks ordinances or bylaws to regulate livestock, and the Secretary determines, after an opportunity for a hearing, that the livestock are causing significant adverse water quality impacts and the Required Agricultural Practices should apply to protect water quality; or

(g) has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.

3.2 The agricultural practices on farms ~~meeting~~ that meet the minimum threshold criteria set forth in Section 3.1 that are governed by this rule and are not subject to municipal zoning bylaws include:

(a) the confinement, feeding, fencing, and watering of livestock;

(b) the storage and handling of agricultural wastes principally produced on the farm;

(c) the collection of maple sap principally produced from trees on the farm and/or production of maple syrup from sap principally produced on the farm;

(d) the preparation, tilling, fertilization, planting, protection, irrigation, and harvesting of crops;

(e) the ditching and subsurface drainage of farm fields and the construction of farm ponds;

(f) the stabilization of farm fields adjacent to banks of surface water, and the establishment and maintenance of vegetated buffer zones and riparian buffer zones;

(g) the construction and maintenance of farm structures, farm roads, and associated infrastructure;

(h) the on-site storage, preparation, production, and sale of fuel or power from agricultural products or wastes principally produced on the farm;

(i) the on-site storage, preparation, and sale of agricultural products principally produced on the farm from raw agricultural commodities principally produced on the farm;

(j) the on-site storage of agricultural inputs for use on the farm including, but not limited to, lime, fertilizer, pesticides, compost and other soil amendments, and the equipment necessary for operation of the farm; and

(k) the management of livestock mortalities produced on the farm.

** * * Accessory On-Farm Structure Permit * * **

Sec. 4. 10 V.S.A. § 6081(t) is amended to read:

(t) No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the storage or sale of qualifying products or the other eligible enumerated products as defined in 24 V.S.A. § 4412(11)(A)(i)(I). No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the preparation or processing of qualifying products as defined in 24 V.S.A. § 4412(11)(A)(i)(I), provided that more than 50 percent of the total annual sales of the prepared or processed qualifying products come from products produced on the farm where the business is located, or not more than $250,000.00, adjusted for inflation, in total annual sales, or the equivalent value of donated farm crops, of the prepared or processed qualifying products come from products that are not produced on the farm where the business is located. As used in this subsection, "adjusted for inflation" means adjusting the dollar amount by the U.S. Consumer Price Index for all Urban Consumers, All Items, published by the U.S. Bureau of Labor Statistics, from fiscal year 2026 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount. This subsection shall not apply to the construction of improvements related to hosting events or farm stays as part of an accessory on-farm business as defined in 24 V.S.A. § 4412(11)(A)(i)(II). As used in this subsection, "donated farm crops" means charitable contributions of farm crops that are allowable under 26 U.S.C. § 170(c) and that are made to an organization that is unrelated to the owner of the enrolled land.

** * * Land Use Value Appraisal * * **

Sec. 5. 32 V.S.A. § 3752 is amended to read:

§ 3752. DEFINITIONS

As used in this subchapter:

active use to grow hay or cultivated crops, pasture livestock, cultivate trees bearing edible fruit, or produce an annual maple product, and that is 25 acres or more in size, except as provided in this subdivision ~~(1)~~. Agricultural land shall include buffer zones as defined and required in the Agency of Agriculture, Food and Markets' Required Agricultural Practices rule adopted under 6 V.S.A. chapter 215. There shall be a presumption that the land is used for agricultural purposes if:

(A) it is owned by a farmer and is part of the overall farm unit;

(B) it is leased by a farmer as part of the farmer's operation under written lease for at least three years; or

(C) it has produced an annual gross income from the sale of farm crops, or the equivalent value of donated farm crops, in one of two, or three of the five, calendar years preceding of at least:

(i) $2,000.00 for parcels of up to 25 acres; and

(ii) $75.00 per acre for each acre over 25, with the total income required not to exceed $5,000.00.

(iii) Exceptions to these income requirements may be made in cases of orchard lands planted to fruit-producing trees, bushes, or vines that are not yet of bearing age. As used in this section, the term "farm crops" also includes animal fiber, cider, wine, and cheese produced on the enrolled land or on a housesite adjoining the enrolled land, from agricultural products grown on the enrolled land, and "donated farm crops" means charitable contributions of farm crops that are allowable under 26 U.S.C. § 170(c) and that are made to an organization that is unrelated to the owner of the enrolled land.

* * *

Sec. 6. 32 V.S.A. § 3755 is amended to read:

§ 3755. ELIGIBILITY FOR USE VALUE APPRAISALS

* * *

(h) An owner of enrolled agricultural land that is eligible for enrollment due to farm crop donations pursuant to subdivision 3752(1)(C) of this chapter shall retain receipts or other proof of donation. The receipts or other proof shall be available for inspection and examination at any time upon demand by the Director and shall be preserved for a period of three years.

* * * *Milk Producers* * * *

Sec. 75. 6 V.S.A. § 2752 is amended to read:

§ 2752. REFUSAL TO PURCHASE; HEARING; SECRETARY'S ORDER

(a) A handler doing business in this State who has a contract either verbal or written with a producer residing in this State for the purchase of the producer's dairy products shall not refuse to purchase them from the producer except for violations of the sanitary rules or standards applicable to the market in which the dairy product is sold or marketed, without being deemed guilty of unfair discrimination. In the event that the refusal is to be based upon reasons of oversupply or other reasonable grounds, the refusal shall not become operative until the purchaser has given the producer at least 90 days' notice of intention to refuse the producer's product on these grounds, which shall be particularly set forth in writing so that the producer may be fully appraised of the refusal.

(b) If the producer desires to question the existence or validity of such grounds of refusal, ~~he or she~~ the producer may do so within 90 days after receiving the notice or refusal by requesting the Secretary of Agriculture, Food and Markets for a hearing, and the Secretary is hereby given jurisdiction to hear and determine the question. The producer shall make complaints of such contemplated refusal in writing to the Secretary, setting forth the substance of the refusal notice and requesting to be heard thereon. The Secretary shall then notify both the producer and the purchaser in writing, sent to them by registered mail, of the time and place of hearing thereon. The time of the hearing shall not be less than 10 nor more than 30 days from the date of the notice. Hearing shall be informal. Both parties shall have an opportunity to produce evidence.

** * **

(d) If a request for a hearing is made by a ~~purchaser~~ producer, refusal of the purchaser shall not become operative until hearing and decision in the purchaser's favor by the Secretary.

** * **

** * * Farm-to-School Program Contracts * * **

Sec. 86. 6 V.S.A. § 4721 is amended to read:

§ 4721. LOCAL FOODS ~~GRANT~~ PROGRAM

(a) There is created in the Agency of Agriculture, Food and Markets the Rozo McLaughlin Farm-to-School Program to execute, administer, and ~~award~~ provide local grants or contracts for the purpose of helping Vermont schools develop farm-to-school programs that will sustain relationships with local

~~farmers and producers, enrich the educational experience of students, improve~~ *the health of Vermont children, and enhance Vermont's agricultural economy.*

(b) A school, a school district, a consortium of schools, a consortium of school districts, a registered or licensed child care provider, or an organization administering or assisting the development of farm-to-school programs may apply to the Secretary of Agriculture, Food and Markets for a grant ~~award~~ or contract to:

** * **

(c) The Secretaries of Agriculture, Food and Markets and of Education and the Commissioner of Health, in consultation with farmers, child nutrition staff, educators, organizations administering or assisting the development of farm-to-school programs, and farm-to-school technical service providers, jointly shall adopt procedures relating to the content of ~~the~~ grant ~~application~~ applications or contract bids and the criteria for making awards.

** * **

(e) No ~~award~~ individual grant or contract shall be greater than 20 percent of the total annual ~~amount~~ funds available ~~for granting~~ except that ~~a grant~~ an award to the following entities may, at the discretion of the Secretary of Agriculture, Food and Markets, exceed the cap:

(1) Farm-to-School service providers; or

(2) school districts or consortiums of school districts that completed merger under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46 on or before July 1, 2019, provided that the ~~grant is~~ funds are used for the purpose of expanding Farm-to-School projects to additional schools within the new school district.

** * * Pest Control Compact Repeal * * **

Sec. ~~97~~. REPEAL

6 V.S.A. chapter 83 (Pest Control Compact) is repealed on July 1, 2026.

** * * Amending Pesticide Exam Requirements * * **

Sec. ~~108~~. 6 V.S.A. § 1112 is amended to read:

§ 1112. LICENSING PESTICIDE APPLICATORS; PESTICIDE COMPANIES; DEALERS

(a) The Secretary may adopt rules requiring persons selling Class A and B pesticides to be licensed under this chapter. In addition, the Secretary may adopt rules requiring companies that hire applicators or conduct pesticide applications to be licensed and applicators who use pesticides to be certified

~~under this chapter. The Secretary may establish reasonable requirements for~~ *obtaining licenses and certificates. The fees for dealers, licensed companies, and applicator certificates under this chapter shall be as follows:*

(1) Class A Dealer License—$50.00;

(2) Class B Dealer License—$50.00;

(3) Pesticide Company License—$75.00;

(4) Commercial ~~and~~, Noncommercial, and Government Applicator Certification fee—$30.00 per category or subcategory with a maximum of $120.00;

(5) ~~second and third time examination~~ Examination fee for dealer licenses and applicator certification—$25.00; and

(6) Private Applicator—$25.00~~; and~~.

~~(7) State Government, Municipal, and Public Education Institution Applicators—$30.00.~~

* * *

(e) There shall be no limitation on the frequency for retaking examinations for private, commercial, noncommercial, or government applicator certifications or dealer licenses.

** * * Seed Law Conforming to Universal Standards * * **

Sec. ~~11~~9. 6 V.S.A. § 641 is amended to read:

§ 641. DEFINITIONS

(a) As used in this chapter:

(1) "Agricultural seed" includes grass, forage, cereal, oil, fiber, and other kinds of crop seeds commonly recognized as agricultural seeds, lawn seeds, and combinations of such seeds, and may include noxious weed seeds ~~used~~ when the Secretary determines an appropriate use as agricultural seed.

(2) "Secretary" means the Secretary of Agriculture, Food and Markets or ~~his or her~~ the Secretary's designee.

(3) "Agency" means the Agency of Agriculture, Food and Markets.

(4) "Flower seed" includes seed of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts and commonly known and sold under the name of flower or wildflower seed in this State.

*(5) "Labeling" ~~includes~~ means tags or other devices attached to, or ~~written, stamped, or printed on, any container or accompanying any lot of bulk~~

~~seeds that are used to provide the seed label information required by this chapter.~~ *"Labeling" includes additional information that describes labeled seed.*

(6) "Noxious weed seeds" include:

(A) "Prohibited noxious weed seeds," or those weed seeds that are prohibited from being present in agricultural ~~and~~, vegetable, flower, tree, or shrub seed. They are the seeds of weeds that are highly destructive and difficult to control by good cultural practices and the use of herbicides.

(B) The term "restricted noxious weed seeds," or those weed seeds that are objectionable in agricultural crops, lawns, and gardens of this State and that ~~are difficult to control~~ can be controlled by good cultural practices or the use of herbicides.

* * *

(8) "Weed seeds" ~~mean~~ means the seeds of all plants generally recognized as weeds within this State and ~~include~~ includes prohibited and noxious weed seeds.

* * *

(11) "Distribute" means to import, manufacture, produce, mix, blend, offer for sale, sell, barter, or supply seed for the purpose of sowing in the State through any means, including sales outlets, catalogues, the telephone, the internet, or any electronic means.

(12) "Distributor" means any person who distributes seeds in or into the State and affixes the labeling or any relabeling required in section 644 of this chapter.

(13) "Treated" means seed that received an application of a substance or process designed to reduce, control, or repel certain disease organisms, insects, or other pests from attaching to the seed or seedlings, or designed to enhance the availability or uptake of plant nutrients through root systems.

(b) In addition to the terms defined in subsection (a) of this section and to facilitate uniform seed requirements, the Secretary may apply any other term or definition that the Association of American Seed Control Officials adopted in its Recommended Uniform State Seed Law, as amended.

Sec. ~~12~~10. 6 V.S.A. § 642 is amended to read:

§ 642. DUTIES AND AUTHORITY OF THE SECRETARY

(a) The Secretary shall enforce and carry out the provisions of this ~~subchapter, including:~~

(1) Sampling, inspecting, making analysis of, and testing seeds subject to the provisions of this subchapter that are ~~transported, sold, or offered or exposed for sale within~~ distributed in or into the State for sowing purposes. The Secretary shall notify promptly a person who ~~sells, offers, or exposes~~ distributes seeds ~~for sale and, if appropriate, the person who labels or transports seeds~~ of any violation and seizure of the seeds or order to cease sale of the seeds under section 643 of this title.

* * *

Sec. 911. 6 V.S.A. § 644 is amended to read:

§ 644. LABEL REQUIREMENTS FOR AGRICULTURAL, FLOWER, AND VEGETABLE SEEDS

(a) Each container of agricultural, flower, and vegetable seeds that is ~~sold~~ distributed in this State for sowing purposes shall be labeled.

(1) All labels shall include:

* * *

(E) the name and address of the ~~labeler or~~ distributor responsible for labeling the seed.

(2) For all treated agricultural, vegetable, and flower seeds ~~that have been treated~~, the label or an additional label shall include:

(A) ~~a~~ A word or statement ~~indicating that~~ describing the seed ~~has been treated with~~ treatment and identifying the commonly accepted chemical name or abbreviated chemical name of the applied substance, or a description of the process used.

(B) ~~A caution statement shall be set forth if~~ If the substance in the amount present with the seed is harmful to human or other vertebrate animals~~.~~, an appropriate caution statement like "Do not use for food, feed, or oil purposes." The caution statement for mercurial and similarly toxic substances shall be a poison statement or symbol.

(3) For seed treated with an inoculant, the label shall state the ~~date of~~ expiration ~~of~~ date, meaning the date beyond which the inoculant is not considered effective.

* * *

(5) All bins and other bulk displays of agricultural, flower, grass, and vegetable seeds, or mixtures of the described seeds, shall be labeled with the same information that is required to be on containers of agricultural, flower, or vegetable seeds as applicable.

* * *

Sec. 12. 6 V.S.A. § 646(b) is amended to read:

(b) No person shall be subject to the penalties of this subchapter for ~~having sold or offered for sale~~ distributing seeds subject to provisions of this subchapter that were incorrectly labeled or represented as to kind, species, and subspecies; variety; type; or origin, unless the person has failed to obtain an invoice, genuine grower's declaration, or other labeling information or to take such other reasonable precautions to ensure that the identity of the seed is set forth. "Genuine grower's declaration" means a statement signed by the grower that gives for each lot of seed the lot number, kind, variety (if known), origin, weight, year of production, date of shipment, and to whom the shipment was made.

Sec. 13. 6 V.S.A. § 647 is amended to read:

§ 647. ADMINISTRATIVE PENALTIES

(a) The Secretary may assess administrative penalties, not to exceed $250.00 for each offense, in any case ~~he or she~~ the Secretary determines that a person has committed any of the following violations:

(1) ~~sold~~ Distributed seed ~~products~~ without paying the seed ~~inspection fees for hundredweight~~ tonnage or ~~seed~~ registration fee under section 648 of this title~~;~~.

(2) ~~sold~~ Distributed seed ~~products~~ within the State of Vermont found deficient in guarantee analysis and labeling as defined by rule~~; or~~.

(3) Failed to report the quantity of genetically engineered, treated, and untreated seed sold in the State during the previous calendar year. Reporting shall be completed on forms the Secretary prescribes and may include seed categories, traits, Environmental Protection Agency pesticide product numbers, active ingredients, application rate on seed, and other information the Secretary requires.

~~(3)~~(4) ~~violated~~ Violated a stop sale order.

* * *

Sec. 14. 6 V.S.A. § 648 is amended to read:

§ 648. ~~INSPECTIONS~~ REGISTRATION AND REPORTING

(a) ~~Inspection~~ No person shall distribute seed without registering annually. Registration fees shall be paid to the Secretary by a manufacturer ~~or~~, processor, or distributer that distributes seed in or into the State. ~~Fees shall be established as follows: The registration fee is $85.00 annually for each~~

~~distributor that distributes any seed in or into the State. Registration is for the calendar year and expires on the last day of December each year.~~

~~(1) $10.00 per ton for any seed sold in containers of more than 10 pounds; and~~

~~(2) a flat fee of $85.00 per company for any seed sold.~~

(b) The following shall be exempt from ~~the inspection fee~~ registration requirements:

(1) seed not intended for sowing purposes;

(2) seed in storage in, or consigned to, a seed cleaning or processing establishment for cleaning or processing; ~~and~~

(3) seed grown, sold, and delivered by a producer on ~~his or her~~ the producer's own premises for seeding purposes to the ultimate consumer, provided such seed has neither been advertised for sale nor been delivered via commercial carrier, and provided the seed contains no prohibited noxious weed seeds or not more than one restricted noxious weed seed per 2,000 ~~of the~~ seeds ~~being sold.~~; and

(4) interpersonal sharing of seed for home, educational, charitable, or personal noncommercial use.

(c) The following reports are required:

(1) ~~For those seeds sold~~ A manufacturer, processor, or distributor distributing seed in containers of more than 10 pounds~~, a~~ must file an annual report ~~shall be filed annually~~ on or before January 15 on forms supplied by the Secretary regarding ~~sales~~ distribution of seed during the previous calendar year~~, and fees based on the~~. A fee of $10.00 per ton ~~state shall accompany the report. Reporting periods are January 1-June 30 and July 1-December 31~~ of seeds distributed in containers of more than 10 pounds shall accompany the report and is due annually on or before January 15. If a registrant or distributor does not distribute any seed during the calendar year, a report indicating that no distribution occurred must be submitted.

(2) For all seeds distributed in or into Vermont regardless of container size, the manufacturer, processor, or distributor distributing the seed shall report annually on or before February 15 to the Secretary on a form supplied by the Secretary. At minimum, the form will require disclosure of the quantity of seeds containing genetically engineered material, treated seed, and untreated seed distributed during the previous calendar year. The following ~~requirements also apply:~~

~~(A) for seeds containing genetically engineered material, the seed type, a brand name for the combination of traits, and any other information the Secretary determines is appropriate; and~~

(B) for pesticide treated article seed, the Environmental Protection Agency pesticide registration number, application rate on seed by the seed type, and any other information the Secretary determines is appropriate.

~~(d) For those seeds sold in containers of 10 pounds or less, the fee of $85.00 per company shall be paid annually prior to distribution in the State. Fees shall be paid annually on January 1.~~

~~(e)~~(d) All fees shall be deposited in the special fund created by subsection 364(f) of this title and used in accordance with its provisions.

~~(f)~~(e) The Secretary may waive ~~seed inspection~~ fees under this chapter, based on the number of seed varieties sold, and for the sale of heirloom seed varieties.

~~(g) For seeds sold in Vermont that contain genetically engineered material, the manufacturer or processor distributing such seed in Vermont shall report annually on or before February 15 to the Secretary on forms supplied by the Secretary regarding sales during the previous calendar year.~~

~~(h) For agricultural seeds sold in Vermont, the manufacturer or processor distributing the seed in Vermont shall report annually on or before February 15 to the Secretary on forms supplied by the Secretary regarding the quantity of treated article seed and the quantity of untreated seed sold in Vermont during the previous calendar year.~~

* * * Consolidate VACP within VEDA * * *

Sec. ~~17~~15. TRANSFER OF VERMONT AGRICULTURAL CREDIT PROGRAM

10 V.S.A. chapter 16A (Vermont Agricultural Credit Program) is repealed for the purpose of redesignation as 10 V.S.A. chapter 12, subchapter 16.

Sec. ~~18~~16. 10 V.S.A. chapter 12, subchapter 16 is added to read:

Subchapter 16. Vermont Agricultural Credit Program

§ 280hh. DEFINITIONS

As used in this subchapter:

(1) "Agricultural facility" means land and rights in land, buildings, structures, machinery, and equipment that is used for, or will be used for, producing, processing, preparing, packaging, storing, distributing, marketing, or transporting agricultural or forest products that have been at least partially

produced in this State, and working capital reasonably required to operate an agricultural facility.

(2) "Agricultural land" means real estate capable of supporting commercial farming or forestry, or both.

(3) "Agricultural products" means crops, livestock, forest products, and other farm or forest commodities produced as a result of farming or forestry activities.

(4) "Authority" means the Vermont Economic Development Authority established under section 213 of this title.

(5) "Cash flow" means, on an annual basis, all income, receipts, and revenues of the applicant or borrower from all sources and all expenses of the applicant or borrower, including all debt service and other expenses.

(6) "Farm operation" means the cultivation of land or other uses of land for the production of food, fiber, horticultural, silvicultural, orchard, maple syrup, Christmas trees, forest products, or forest crops; the raising, boarding, and training of equines, and the raising of livestock; or any combination of the foregoing activities. "Farm operation" also means the storage, preparation, retail sale, and transportation of agricultural or forest commodities accessory to the cultivation or use of such land. "Farm operation" also means the operation of an agritourism business on a farm subject to regulation under the Required Agricultural Practices. "Farm operation" also means a business that provides specialty services to farmers, such as foresters, farriers, hoof trimmers, or large animal veterinarians operating or proposing to operate mobile units.

(7) "Farm ownership loan" means a loan to acquire or enlarge a farm or agricultural facility; to make capital improvements, including construction, purchase, and improvement of farm and agricultural facility buildings, farm worker housing, or farmer housing that can be made fixtures to the real estate; to promote soil and water conservation and protection or provide housing; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(8) "Farmer" means an individual directly engaged in the management or operation of an agricultural facility or farm operation for whom the agricultural facility or farm operation constitutes two or more of the following:

(A) is or is expected to become a significant source of the farmer's income;

(B) the majority of the farmer's assets; and

(C) an occupation in which the farmer is actively engaged, either on a seasonal or year-round basis.

(9) "Forest products business" means an enterprise that is engaged in managing, harvesting, trucking, processing, manufacturing, crafting, or distributing forest products at least partially derived from Vermont forests.

(10) "Livestock" includes cattle, sheep, goats, equines, fallow deer, red deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge, coturnix quail, ferrets, camelids and ratites, cultured trout propagated by commercial trout farms, and bees.

(11) "Loan" means an operating loan or farm ownership loan, including a financing lease, provided that such lease transfers the ownership of the leased property to each lessee following the payment of all required lease payments as specified in each lease agreement.

(12) "Operating loan" means a loan to purchase livestock, farm or forestry equipment, or fixtures; to pay annual operating expenses of a farm operation or agricultural facility; to pay loan closing costs; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(13) "Program" means the Vermont Agricultural Credit Program established by this subchapter.

(14) "Project" or "agricultural project" means the creation, establishment, acquisition, construction, expansion, improvement, strengthening, reclamation, operation, or renovation of an agricultural facility or farm operation.

§ 280ii. VERMONT AGRICULTURAL CREDIT PROGRAM

(a) The Vermont Agricultural Credit Program provides an alternative source of sound and constructive credit to farmers and forest products businesses who are not having their credit needs fully met by conventional agricultural credit sources at reasonable rates and terms; or, in the alternative, the granting of the loan shall serve as a substantial inducement for the establishment or expansion of an eligible agricultural or forestry project within the State. The Program is intended to meet, either in whole or in part, the credit needs of eligible agricultural facilities and farm and forest operations in fulfillment of one or more of the purposes listed in this subsection by making direct loans and participating in loans made by other agricultural credit providers:

(1) to encourage diversification, cooperative farming, and the development of innovative techniques for farming and forest products businesses;

(2) to increase energy efficiency and reduce energy consumption in agricultural facilities, including the construction of water pollution control facilities that implement best management practices for farm waste abatement pursuant to 6 V.S.A. chapter 215;

(3) to encourage innovative and diversified processing, marketing, and distribution of Vermont agricultural products;

(4) to assist beginning farmers to start new farms and new agricultural facilities to commence or strengthen their operations;

(5) to assist or financially strengthen existing farms; and

(6) to refinance loans incurred by eligible borrowers for any of the purposes enumerated in subdivisions (1) through (5) of this subsection.

(b) No borrower shall be approved for a loan from the Authority that would result in the aggregate principal balances outstanding of all loans to that borrower exceeding $5,000,000.00.

§ 280jj. GENERAL POWERS

(a) The Authority shall have the powers necessary to carry out the purposes and provisions of this program and subchapter, including those general powers conferred on the Authority in section 216 of this title.

(b) The Authority shall have the powers necessary to dissolve the Vermont Agricultural Credit Corporation in accordance with 11B V.S.A. chapter 14. Upon dissolution of the Vermont Agricultural Credit Corporation, title to all property owned by the Vermont Agricultural Credit Corporation shall vest in the Authority.

§ 280kk. LOAN ELIGIBILITY STANDARDS

A farmer, forest products business, or a limited liability company, partnership, corporation, or other business entity with a minimum 20 percent ownership of which is vested in one or more farmers, forest products businesses, or a nonprofit corporation, shall be eligible to apply for a farm ownership or operating loan that shall be intended to expand the agricultural economy or forest economy of the State, provided the applicant is:

(1) an owner, prospective purchaser, or lessee of agricultural land in the State or of depreciable machinery, equipment, or livestock to be used in the State;

(2) a person of sufficient education, training, or experience in the operation and management of an agricultural facility or farm operation or forest products business of the type for which the applicant requests the loan;

(3) an operator or proposed operator of an agricultural facility, farm operation, or forest products business for whom the loan reduces investment costs to an extent that offers the applicant a reasonable chance to succeed in the operation and management of an agricultural facility or farm operation;

(4) a creditworthy person under such standards as the Authority may establish;

(5) able to provide and maintain adequate security for the loan by a mortgage on real property or a security agreement and perfected financing statement on personal property;

(6) able to demonstrate that the applicant is responsible and able to manage responsibilities as owner or operator of the farm operation, agricultural facility, or forest products business;

(7) able to demonstrate that the applicant has made adequate provision for insurance protection of the mortgaged or secured property while the loan is outstanding;

(8) a person who possesses the legal capacity to incur loan obligations;

(9) in compliance with such other reasonable eligibility standards as the Authority may establish;

(10) able to demonstrate that the project plans comply with all regulations of the municipality where it is to be located and of the State of Vermont;

(11) able to demonstrate that the making of the loan will be of public use and benefit;

(12) able to demonstrate that the proposed loan will be adequately secured by a mortgage on real property or by a security agreement on personal property; and

(13) able to demonstrate that there will be sufficient projected cash flow to service a reasonable level of debt, including the loan or loans, being considered by the Authority.

Sec. 1917. 10 V.S.A. § 211(c) is amended to read:

(c) Therefore, the general public advantage requires:

* * *

(7) low-cost capital to assist Vermont ~~family~~ farmers to farm ~~as provided in subdivision 272(3) of this title~~;

* * *

Sec. ~~2018~~. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter, with the exception of subchapter 16:

* * *

Sec. ~~2119~~. 10 V.S.A. § 216 is amended to read:

§ 216. AUTHORITY; GENERAL POWERS

The Authority is hereby authorized:

* * *

(17) To contribute to the capital of the Vermont Agricultural Credit ~~Corporation~~ Program established pursuant to ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter in an amount the Authority determines is necessary and appropriate.

* * *

Sec. ~~2220~~. 10 V.S.A. § 220a is amended to read:

§ 220a. THE VERMONT JOBS FUND

(a) There is hereby created the Vermont Jobs Fund, hereinafter called the Fund, which shall be used by the Authority as a nonlapsing fund for the purposes of this chapter. To it shall be charged all operating expenses of the Authority not otherwise provided for and all payments of interest and principal required to be made by the Authority under this subchapter. To it shall be credited any appropriations made by the General Assembly for the purposes of this chapter and all payments required to be made to the Authority under this chapter, it being the intent of this section that the Fund shall operate as a revolving fund whereby all appropriations and payments made thereto may be applied and reapplied for the purposes of this chapter. Monies in the Fund may be loaned at interest rates to be set by the Authority for the following:

* * *

~~*(b) Monies in the Fund may be loaned to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title at interest rates and on terms and conditions to be set by the Authority to establish a line of credit in an amount not to exceed $100,000,000.00 to be advanced to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title.*~~

~~(c)~~(b) Monies in the Fund may be loaned to the Vermont Small Business ~~Development Corporation to support its lending operations as established~~

~~pursuant to subdivision 216(14) of this title at interest rates and on terms and~~ conditions to be set by the Authority.

~~(d)~~(c) Monies in the Fund may be loaned to the Vermont 504 Corporation to support its lending operations as established pursuant to subdivision 216(13) of this title at interest rates and on terms and conditions to be set by the Authority.

~~(e)~~(d) The Authority may loan money from the Fund to the Vermont Sustainable Energy Loan Fund established under subchapter 13 of this chapter at interest rates and on terms and conditions set by the Authority.

Sec. ~~20~~21. 10 V.S.A. § 280a is amended to read:

§ 280a. ELIGIBLE PROJECTS; AUTHORIZED FINANCING PROGRAMS

(a) The Authority may develop, modify, and implement any existing or new financing program, provided that any specific project that benefits from such program shall meet the criteria contained in the Vermont Sustainable Jobs Strategy outlined in section 280b of this title. These programs may include:

* * *

(12) loans to agricultural enterprises or endeavors administered by the Authority under ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter and any programs created thereunder.

* * *

~~* * * Permitting Large and Medium Farm Operations * * *~~

Sec. ~~21~~22. 6 V.S.A. § 4851(i) is amended to read:

(i) ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit under this section shall ~~submit~~ not be required to pay an annual operating fee ~~of $2,500.00~~ to the Secretary. ~~During any calendar year in which a person has an active Large Concentrated Animal Feeding Operation permit issued by the Agency of Natural Resources pursuant to the federal Clean Water Act and pays the required associated fee, that person shall not be required to pay the $2,500.00 annual operating fee described in this section. The fees collected under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

~~Sec. 2223. 6 V.S.A. § 4858(e) is amended to read:~~

(e) Operating fee. ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit or coverage under this section shall ~~submit~~ not be required to ~~pay~~ an annual operating fee ~~of $1,500.00 to the Secretary. The fees shall be~~

~~under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

Sec. ~~[illegible]~~422. TRANSITION OF HEMP PROCESSOR OVERSIGHT

6 V.S.A. chapter 34 (hemp) is repealed.

Sec. ~~[illegible]~~3. 7 V.S.A. chapter 31, subchapter 3 is added to read:

Subchapter 3. Hemp

§ 851. FINDINGS; PURPOSE

(a) Findings. The General Assembly finds that the federal legal status of most hemp products will be contingent upon an amendment to 7 U.S.C. § 1639o, to take effect in November 2026, pursuant to the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act of 2026, Pub. L. No. 119-37. The legality of hemp and hemp products in interstate commerce is unsettled and continues to evolve.

(b) Purpose. The purpose of this subchapter is to unify oversight of cannabis and hemp-derived cannabinoids under the Cannabis Control Board to more effectively prohibit illicit cannabis and cannabis product trade while positioning growers and processors of nonintoxicating hemp products to take advantage of national market opportunities that may exist.

§ 852. DEFINITIONS

As used in this subchapter:

(1)(A) "Grow" means:

(i) planting, cultivating, harvesting, or drying of hemp; and

(ii) selling, storing, and transporting of hemp grown by a grower.

(B) "Grow" also means to produce.

(2) "Grower" means a person who is registered with the Board and the U.S. Department of Agriculture to produce hemp. "Grower" also means producer.

(3) "Hemp" means the plant Cannabis sativa L. and any part of the plant, including the seeds and all derivatives, extracts, cannabinoids, acids, salts, isomers, and salts of isomers, whether growing or not, with the federally defined tetrahydrocannabinol concentration level of hemp. Hemp is considered an agricultural commodity.

(4)(A) "Hemp product" or "hemp-infused product" means any product with the federally defined tetrahydrocannabinol concentration level for hemp

derived from, or made by, processing hemp plants or plant parts, that is prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), "hemp product" and "hemp-infused product" do not include any substance, manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Board; or

(ii) is not lawful in interstate commerce.

(C) A hemp-derived product or substance that is excluded from the definition of "hemp product" or "hemp-infused product" pursuant to subdivision (B) of this subdivision (4) is considered a cannabis product as defined by subdivision 831(3) of this title; provided, however, that a person duly licensed or registered by the Board lawfully may possess such products in conformity with the person's active hemp processor license.

(5) "Process" means the storing, drying, trimming, handling, compounding, or converting of hemp by a processor for a single grower or multiple growers into hemp products or hemp-infused products. "Process" includes:

(A) transporting, aggregating, or packaging hemp from a single grower or multiple growers; or

(B) manufacturing hemp products or hemp-infused products from hemp concentrate.

(6) "Processor" means a person who is licensed by the Board to process hemp. A retail establishment selling hemp products or hemp-infused products is not a processor.

§ 853. HEMP; AN AGRICULTURAL PRODUCT

(a) Hemp is an agricultural product that may be grown as a crop produced, possessed, marketed, and commercially traded in Vermont pursuant to the provisions of this chapter and administrative rules of the Cannabis Control Board.

(b) The cultivation of hemp shall be subject to and comply with the Required Agricultural Practices adopted under 6 V.S.A. § 4810, as amended.

~~§ 854. HEMP REGISTRATION AND LICENSURE~~

(a) Producers. All persons engaged in the production of hemp shall register with the Board as growers and shall provide their location, the nature of their activities, and evidence that those activities conform to the requirements of federal law and regulation. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 857 of this subchapter.

(b) Processors. All persons engaged in the processing of hemp, including trade in hemp-derived cannabinoids and process intermediaries, shall be licensed by the Board. A person shall apply for a license or renewal of a license on a form provided by the Board. The application shall be accompanied by the fee required under section 857 of this subchapter.

(c) Products. All hemp-derived products containing or reasonably expected to contain more than 0.4 mg tetrahydrocannabinol shall be registered with the Board prior to sale to any person within this State. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 857 of this subchapter.

(d) All applicants. The Board may deny an application for licensure, registration, or renewal if the applicant:

(1) fails to establish that its activities comply with State and federal law;

(2) refuses the Board or its lawful designees entry upon its premises to inspect and confirm compliance, including by sampling hemp and hemp products for potency testing;

(3) fails to submit information requested by the Board; or

(4) fails to submit the fee required under section 857 of this subchapter.

§ 855. RULEMAKING AUTHORITY

(a) The Board may adopt rules to provide for the implementation of this subchapter, which may include rules to:

(1) require hemp to be tested during growth for tetrahydrocannabinol levels;

(2) authorize or specify the method or methods of testing hemp, including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol levels or a taxonomic determination using genetic testing;

(3) require inspection and supervision of hemp during sowing, growing season, harvest, storage, processing, and distribution;

(4) require labels or label information for hemp products in order to provide consumers with transparent and accurate product content or source information, to be free of false or misleading claims and claims contrary to the Federal Food, Drug, and Cosmetic Act, 9 U.S.C. §§ 301–399i, or to conform with federal requirements;

(5) establish registration requirements for hemp-derived products sold or distributed in the State, including requirements that each product be sampled and tested by a laboratory recognized by the Board;

(6) require disclosure or labeling of the amount of cannabinoids known to be present in hemp products sold or distributed in the State;

(7) require that licensees and registrants, including out-of-state purveyors of registered hemp products, obtain and maintain commercially reasonable insurance, which for producers of consumer products in final form shall include product liability insurance;

(8) prohibit hazardous additives to hemp products, or specify additive limits, relative to substances that are toxic, not generally recognized as safe, or designed to make the product more addictive or more appealing to persons under 21 years of age or to mislead consumers; or

(9) specify when a registered hemp product that contains more than 0.4 mg tetrahydrocannabinol must be restricted for sale to persons 21 years of age or older or restricted for sale in specified settings, or both.

(b) The Board shall adopt rules establishing requirements for the licensure of processors of hemp, hemp-derived process intermediaries, and hemp products.

(c) The Board may adopt rules establishing requirements for the consumer sale of any product containing tetrahydrocannabinol or other cannabinoids.

(d) The Board may adopt rules prohibiting any person from making false, misleading, or unsubstantiated claims for cannabinoid-containing products.

§ 856. TEST RESULTS; ENFORCEMENT

(a) When notified that hemp, a hemp product, or a hemp-infused product has a tetrahydrocannabinol concentration exceeding the applicable federally defined tetrahydrocannabinol concentration level of hemp, the person licensed or registered with the Board to grow or process the hemp shall arrange for disposal, remediation, or destruction of the hemp, hemp product, or hemp-infused product in a manner consistent with applicable State and federal law.

(b) To enforce the provisions of this subchapter, the Board, upon presenting appropriate credentials, may conduct one or more of the following:

(1) Enter upon any premises where hemp is grown or processed and inspect premises, machinery, equipment and facilities, all hemp during any growth phase, or any hemp product or hemp-infused product during processing or storage. Inspection under this section may include taking samples, inspecting records, and inspecting equipment or vehicles used to grow, process, or transport hemp, hemp products, or hemp-infused products.

(2) Inspect any retail location offering hemp products or hemp-infused products. Inspection under this section may include taking samples of such products.

(3) Issue and enforce a written or printed "stop sale" order to the owner or custodian of any hemp, hemp product, or hemp-infused product subject to the requirements of this subchapter or rules adopted under this subchapter that the Board finds is in violation of any of the provisions of this subchapter or rules adopted under this subchapter. An order may prohibit further sale, processing, and movement of the hemp, hemp product, or hemp-infused product until the Board has approved and issued a release from the "stop sale" order.

(A) This order shall include the reason for issuance, a description of the hemp or hemp products at issue, instructions to separate all hemp or hemp products subject to the order, and any recommended measures to remedy the basis or bases for the order.

(B) A person issued a "stop sale" order may appeal that order to the Board within 15 days after receipt. The person shall file any appeal by serving a letter on the Board, which shall state all grounds for the appeal and identify the hemp or hemp products affected by the appeal.

§ 857. ADMINISTRATIVE PENALTIES

(a) The Board may assess violations and administrative penalties against persons licensed or registered pursuant to this subchapter, as well as persons required to be licensed or registered pursuant to this subchapter who fail to obtain or maintain required credentials.

(b) The compliance and enforcement authorities and procedures applicable to cannabis establishments shall apply to persons licensed or registered under this subchapter.

(c) The Board may enforce a final administrative penalty by filing a civil collection action in any Superior Court.

§ 858. FEES

The following fees shall apply to each license or registration application or each annual license or registration renewal under this subchapter:

~~(1) Producer: $50.00.~~

(2) Processor: $500.00.

(3) Product: $75.00.

Sec. ~~28~~ 24. 18 V.S.A. § 4201(15) is amended to read:

(15)(A) "Cannabis" means all parts of the plant Cannabis sativa L., except as provided by subdivision (B) of this subdivision (15), whether growing or harvested, and includes:

(i) the seeds of the plant;

(ii) the resin extracted from any part of the plant; and

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin.

(B) "Cannabis" does not include:

(i) the mature stalks of the plant and fiber produced from the stalks;

(ii) oil or cake made from the seeds of the plant;

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake;

(iv) the sterilized seed of the plant that is incapable of germination; or

(v) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852.

Sec. ~~29~~ 25. 32 V.S.A. § 7811(b) is amended to read:

(b) The tax established in this section shall not be imposed on:

(1) cannabis-related supplies sold by a dispensary registered under 7 V.S.A. chapter 37 to registered patients and registered caregivers, as those terms are defined in 7 V.S.A. § 972;

(2) cannabis products, as defined in 7 V.S.A. § 831, that do not contain tobacco; or

(3) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852, that do not contain tobacco.

* * * Natural Resources Conservation Council Mortgages * * *

Sec. ~~30~~ 26. 10 V.S.A. § 723 is amended to read:

~~§ 723. POWERS OF SUPERVISORS~~

~~*The supervisors shall have the following powers:*~~

** * **

(5) To obtain options upon and to acquire by purchase, exchange, lease, gift, grant or bequest, any property, real or personal; to maintain, administer and improve any properties acquired; to receive income from the properties and to expend the income in carrying out the purposes and provisions of this chapter; and to borrow money, mortgage, sell, lease, or otherwise dispose of any of its property or interests in property in furtherance of the purposes and the provisions of this chapter~~,; provided however, that real estate shall not be mortgaged, and provided however, that the sale, lease, or other disposition of real property of the district is approved by the written consent of the governor;*

** * **

** * * Effective Date * * **

Sec. ~~31~~ 27. EFFECTIVE DATE

~~*This act shall take effect on July 1, 2026.*~~

** * * Milk Producers * * **

Sec. 1. 6 V.S.A. § 2752 is amended to read:

§ 2752. REFUSAL TO PURCHASE; HEARING; SECRETARY'S ORDER

(a) A handler doing business in this State who has a contract either verbal or written with a producer residing in this State for the purchase of the producer's dairy products shall not refuse to purchase them from the producer except for violations of the sanitary rules or standards applicable to the market in which the dairy product is sold or marketed, without being deemed guilty of unfair discrimination. In the event that the refusal is to be based upon reasons of oversupply or other reasonable grounds, the refusal shall not become operative until the purchaser has given the producer at least 90 days' notice of intention to refuse the producer's product on these grounds, which shall be particularly set forth in writing so that the producer may be fully appraised of the refusal.

(b) If the producer desires to question the existence or validity of such grounds of refusal, ~~he or she~~ the producer may do so within 90 days after receiving the notice or refusal by requesting the Secretary of Agriculture, Food and Markets for a hearing, and the Secretary is hereby given jurisdiction to hear and determine the question. The producer shall make complaints of such contemplated refusal in writing to the Secretary, setting forth the substance of the refusal notice and requesting to be heard thereon. The Secretary shall then notify both the producer and the purchaser in writing, sent to them by

registered mail, of the time and place of hearing thereon. The time of the hearing shall not be less than 10 nor more than 30 days from the date of the notice. Hearing shall be informal. Both parties shall have an opportunity to produce evidence.

* * *

(d) If a request for a hearing is made by a ~~purchaser~~ producer, refusal of the purchaser shall not become operative until hearing and decision in the purchaser's favor by the Secretary.

* * *

** * * Farm-to-School Program Contracts * * **

Sec. 2. 6 V.S.A. § 4721 is amended to read:

§ 4721. LOCAL FOODS ~~GRANT~~ PROGRAM

(a) There is created in the Agency of Agriculture, Food and Markets the Rozo McLaughlin Farm-to-School Program to execute, administer, and ~~award~~ provide local grants or contracts for the purpose of helping Vermont schools develop farm-to-school programs that will sustain relationships with local farmers and producers, enrich the educational experience of students, improve the health of Vermont children, and enhance Vermont's agricultural economy.

(b) A school, a school district, a consortium of schools, a consortium of school districts, a registered or licensed child care provider, or an organization administering or assisting the development of farm-to-school programs may apply to the Secretary of Agriculture, Food and Markets for a grant ~~award~~ or contract to:

* * *

(c) The Secretaries of Agriculture, Food and Markets and of Education and the Commissioner of Health, in consultation with farmers, child nutrition staff, educators, organizations administering or assisting the development of farm-to-school programs, and farm-to-school technical service providers, jointly shall adopt procedures relating to the content of ~~the~~ grant ~~application~~ applications or contract bids and the criteria for making awards.

* * *

(e) No ~~award~~ individual grant or contract shall be greater than 20 percent of the total annual ~~amount~~ funds available ~~for granting~~ except that ~~a grant~~ an award to the following entities may, at the discretion of the Secretary of Agriculture, Food and Markets, exceed the cap:

(1) Farm-to-School service providers; or

(2) school districts or consortiums of school districts that completed merger under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46 on or before July 1, 2019, provided that the ~~grant is~~ funds are used for the purpose of expanding Farm-to-School projects to additional schools within the new school district.

** * * Pest Control Compact Repeal and Pesticide Exam Requirements * * **

Sec. 3. REPEAL

6 V.S.A. chapter 83 (Pest Control Compact) is repealed on July 1, 2026.

Sec. 4. 6 V.S.A. § 1112 is amended to read:

§ 1112. LICENSING PESTICIDE APPLICATORS; PESTICIDE COMPANIES; DEALERS

(a) The Secretary may adopt rules requiring persons selling Class A and B pesticides to be licensed under this chapter. In addition, the Secretary may adopt rules requiring companies that hire applicators or conduct pesticide applications to be licensed and applicators who use pesticides to be certified under this chapter. The Secretary may establish reasonable requirements for obtaining licenses and certificates. The fees for dealers, licensed companies, and applicator certificates under this chapter shall be as follows:

(1) Class A Dealer License—$50.00;

(2) Class B Dealer License—$50.00;

(3) Pesticide Company License—$75.00;

(4) Commercial ~~and~~, Noncommercial, and Government Applicator Certification fee—$30.00 per category or subcategory with a maximum of $120.00;

(5) ~~second and third time examination~~ Examination fee for dealer licenses and applicator certification—$25.00; and

(6) Private Applicator—$25.00~~; and~~

~~(7) State Government, Municipal, and Public Education Institution Applicators—$30.00~~.

** * **

(e) There shall be no limitation on the frequency for retaking examinations for private, commercial, noncommercial, or government applicator certifications or dealer licenses.

** * * Seed Law Changes * * **

Sec. 5. 6 V.S.A. § 641 is amended to read:

§ 641. DEFINITIONS

(a) As used in this chapter:

(1) "Agricultural seed" includes grass, forage, cereal, oil, fiber, and other kinds of crop seeds commonly recognized as agricultural seeds, lawn seeds, and combinations of such seeds, and may include noxious weed seeds used as agricultural seed.

(2) "Secretary" means the Secretary of Agriculture, Food and Markets or ~~his or her~~ the Secretary's designee.

(3) "Agency" means the Agency of Agriculture, Food and Markets.

(4) "Flower seed" includes seed of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts and commonly known and sold under the name of flower or wildflower seed in this State.

** * **

Sec. 6. 6 V.S.A. § 644 is amended to read:

§ 644. LABEL REQUIREMENTS FOR AGRICULTURAL, FLOWER, AND VEGETABLE SEEDS

(a) Each container of agricultural, flower, and vegetable seeds that is sold in this State for sowing purposes shall be labeled.

(1) All labels shall include:

** * **

(5) All bins and other bulk displays of agricultural, flower, grass, and vegetable seeds, or mixtures of the described seeds, shall be labeled with the same information that is required to be on containers of agricultural, flower, or vegetable seeds as applicable.

** * **

Sec. 7. 6 V.S.A. § 647 is amended to read:

§ 647. ADMINISTRATIVE PENALTIES

(a) The Secretary may assess administrative penalties, not to exceed $250.00 for each offense, in any case ~~he or she~~ the Secretary determines that a person has committed any of the following violations:

(1) sold seed ~~products~~ without paying the seed ~~inspection fees for hundredweight~~ tonnage or ~~seed~~ registration fee under section 648 of this title;

(2) sold seed ~~products~~ within the State of Vermont found deficient in guarantee analysis and labeling as defined by rule; or

(3) violated a stop sale order.

* * *

** * * Consolidate VACP within VEDA * * **

Sec. 8. TRANSFER OF VERMONT AGRICULTURAL CREDIT PROGRAM

10 V.S.A. chapter 16A (Vermont Agricultural Credit Program) is repealed for the purpose of redesignation as 10 V.S.A. chapter 12, subchapter 16.

Sec. 9. 10 V.S.A. chapter 12, subchapter 16 is added to read:

Subchapter 16. Vermont Agricultural Credit Program

§ 280hh. DEFINITIONS

As used in this subchapter:

(1) "Agricultural facility" means land and rights in land, buildings, structures, machinery, and equipment that is used for, or will be used for, producing, processing, preparing, packaging, storing, distributing, marketing, or transporting agricultural or forest products that have been at least partially produced in this State, and working capital reasonably required to operate an agricultural facility.

(2) "Agricultural land" means real estate capable of supporting commercial farming or forestry, or both.

(3) "Agricultural products" means crops, livestock, forest products, and other farm or forest commodities produced as a result of farming or forestry activities.

(4) "Authority" means the Vermont Economic Development Authority established under section 213 of this title.

(5) "Cash flow" means, on an annual basis, all income, receipts, and revenues of the applicant or borrower from all sources and all expenses of the applicant or borrower, including all debt service and other expenses.

(6) "Farm operation" means the cultivation of land or other uses of land for the production of food, fiber, horticultural crops, silvicultural products, orchard crops, maple syrup, Christmas trees, forest products, or forest crops; the raising, boarding, and training of equines, and the raising of livestock; or any combination of the foregoing activities. "Farm operation" also means the storage, preparation, retail sale, and transportation of agricultural or forest commodities accessory to the cultivation or use of such

land. "Farm operation" also means the operation of an agritourism business on a farm subject to regulation under the Required Agricultural Practices. "Farm operation" also means a business that provides specialty services to farmers, such as foresters, farriers, hoof trimmers, or large animal veterinarians operating or proposing to operate mobile units.

(7) "Farm ownership loan" means a loan to acquire or enlarge a farm or agricultural facility; to make capital improvements, including construction, purchase, and improvement of farm and agricultural facility buildings, farm worker housing, or farmer housing that can be made fixtures to the real estate; to promote soil and water conservation and protection or provide housing; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(8) "Farmer" means an individual directly engaged in the management or operation of an agricultural facility or farm operation for whom the agricultural facility or farm operation constitutes two or more of the following:

(A) is or is expected to become a significant source of the farmer's income;

(B) the majority of the farmer's assets; and

(C) an occupation in which the farmer is actively engaged, either on a seasonal or year-round basis.

(9) "Forest products business" means an enterprise that is engaged in managing, harvesting, trucking, processing, manufacturing, crafting, or distributing forest products at least partially derived from Vermont forests.

(10) "Livestock" includes cattle, sheep, goats, equines, fallow deer, red deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge, coturnix quail, ferrets, camelids and ratites, cultured trout propagated by commercial trout farms, and bees.

(11) "Loan" means an operating loan or farm ownership loan, including a financing lease, provided that such lease transfers the ownership of the leased property to each lessee following the payment of all required lease payments as specified in each lease agreement.

(12) "Operating loan" means a loan to purchase livestock, farm or forestry equipment, or fixtures to pay annual operating expenses of a farm operation or agricultural facility; to pay loan closing costs; and to refinance indebtedness incurred for farm ownership or operating loan purposes, or both.

(13) "Program" means the Vermont Agricultural Credit Program established by this subchapter.

(14) "Project" or "agricultural project" means the creation, establishment, acquisition, construction, expansion, improvement, strengthening, reclamation, operation, or renovation of an agricultural facility or farm operation.

§ 280ii. VERMONT AGRICULTURAL CREDIT PROGRAM

(a) The Vermont Agricultural Credit Program provides an alternative source of sound and constructive credit to farmers and forest products businesses who are not having their credit needs fully met by conventional agricultural credit sources at reasonable rates and terms; or, in the alternative, the granting of the loan shall serve as a substantial inducement for the establishment or expansion of an eligible agricultural or forestry project within the State. The Program is intended to meet, either in whole or in part, the credit needs of eligible agricultural facilities and farm and forest operations in fulfillment of one or more of the purposes listed in this subsection by making direct loans and participating in loans made by other agricultural credit providers:

(1) to encourage diversification, cooperative farming, and the development of innovative techniques for farming and forest products businesses;

(2) to increase energy efficiency and reduce energy consumption in agricultural facilities, including the construction of water pollution control facilities that implement best management practices for farm waste abatement pursuant to 6 V.S.A. chapter 215;

(3) to encourage innovative and diversified processing, marketing, and distribution of Vermont agricultural products;

(4) to assist beginning farmers to start new farms and new agricultural facilities to commence or strengthen their operations;

(5) to assist or financially strengthen existing farms; and

(6) to refinance loans incurred by eligible borrowers for any of the purposes enumerated in subdivisions (1)–(5) of this subsection.

(b) No borrower shall be approved for a loan from the Authority that would result in the aggregate principal balances outstanding of all loans to that borrower exceeding $5,000,000.00.

§ 280jj. GENERAL POWERS

(a) The Authority shall have the powers necessary to carry out the purposes and provisions of this Program and subchapter, including those general powers conferred on the Authority in section 216 of this title.

(b) The Authority shall have the powers necessary to dissolve the Vermont Agricultural Credit Corporation in accordance with 11B V.S.A. chapter 14. Upon dissolution of the Vermont Agricultural Credit Corporation, title to all property owned by the Vermont Agricultural Credit Corporation shall vest in the Authority.

§ 280kk. LOAN ELIGIBILITY STANDARDS

A farmer, forest products business, or a limited liability company, partnership, corporation, or other business entity with a minimum 20 percent ownership of which is vested in one or more farmers, forest products businesses, or a nonprofit corporation, shall be eligible to apply for a farm ownership or operating loan that shall be intended to expand the agricultural economy or forest economy of the State, provided the applicant is:

(1) an owner, prospective purchaser, or lessee of agricultural land in the State or of depreciable machinery, equipment, or livestock to be used in the State;

(2) a person of sufficient education, training, or experience in the operation and management of an agricultural facility or farm operation or forest products business of the type for which the applicant requests the loan;

(3) an operator or proposed operator of an agricultural facility, farm operation, or forest products business for whom the loan reduces investment costs to an extent that offers the applicant a reasonable chance to succeed in the operation and management of an agricultural facility or farm operation;

(4) a creditworthy person under such standards as the Authority may establish;

(5) able to provide and maintain adequate security for the loan by a mortgage on real property or a security agreement and perfected financing statement on personal property;

(6) able to demonstrate that the applicant is responsible and able to manage responsibilities as owner or operator of the farm operation, agricultural facility, or forest products business;

(7) able to demonstrate that the applicant has made adequate provision for insurance protection of the mortgaged or secured property while the loan is outstanding;

(8) a person who possesses the legal capacity to incur loan obligations;

(9) in compliance with such other reasonable eligibility standards as the Authority may establish;

(10) able to demonstrate that the project plans comply with all regulations of the municipality where it is to be located and of the State of Vermont;

(11) able to demonstrate that the making of the loan will be of public use and benefit;

(12) able to demonstrate that the proposed loan will be adequately secured by a mortgage on real property or by a security agreement on personal property; and

(13) able to demonstrate that there will be sufficient projected cash flow to service a reasonable level of debt, including the loan or loans, being considered by the Authority.

Sec. 10. 10 V.S.A. § 211(c) is amended to read:

(c) Therefore, the general public advantage requires:

* * *

(7) low-cost capital to assist Vermont ~~family~~ farmers to farm ~~as provided in subdivision 272(3) of this title~~;

* * *

Sec. 11. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter, with the exception of subchapter 16:

* * *

Sec. 12. 10 V.S.A. § 216 is amended to read:

§ 216. AUTHORITY; GENERAL POWERS

The Authority is hereby authorized:

* * *

(17) To contribute to the capital of the Vermont Agricultural Credit ~~Corporation~~ Program established pursuant to ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter in an amount the Authority determines is necessary and appropriate.

* * *

Sec. 13. 10 V.S.A. § 220a is amended to read:

§ 220a. THE VERMONT JOBS FUND

(a) There is hereby created the Vermont Jobs Fund, hereinafter called the Fund, which shall be used by the Authority as a nonlapsing fund for the purposes of this chapter. To it shall be charged all operating expenses of the Authority not otherwise provided for and all payments of interest and principal required to be made by the Authority under this subchapter. To it shall be credited any appropriations made by the General Assembly for the purposes of this chapter and all payments required to be made to the Authority under this chapter, it being the intent of this section that the Fund shall operate as a revolving fund whereby all appropriations and payments made thereto may be applied and reapplied for the purposes of this chapter. Monies in the Fund may be loaned at interest rates to be set by the Authority for the following:

* * *

~~*(b) Monies in the Fund may be loaned to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title at interest rates and on terms and conditions to be set by the Authority to establish a line of credit in an amount not to exceed $100,000,000.00 to be advanced to the Vermont Agricultural Credit Program to support its lending operations as established in chapter 16A of this title.*~~

~~(c)~~(b) Monies in the Fund may be loaned to the Vermont Small Business Development Corporation to support its lending operations as established pursuant to subdivision 216(14) of this title at interest rates and on terms and conditions to be set by the Authority.

~~(d)~~(c) Monies in the Fund may be loaned to the Vermont 504 Corporation to support its lending operations as established pursuant to subdivision 216(13) of this title at interest rates and on terms and conditions to be set by the Authority.

~~(e)~~(d) The Authority may loan money from the Fund to the Vermont Sustainable Energy Loan Fund established under subchapter 13 of this chapter at interest rates and on terms and conditions set by the Authority.

Sec. 14. 10 V.S.A. § 280a is amended to read:

§ 280a. ELIGIBLE PROJECTS; AUTHORIZED FINANCING PROGRAMS

(a) The Authority may develop, modify, and implement any existing or new financing program, provided that any specific project that benefits from such program shall meet the criteria contained in the Vermont Sustainable Jobs Strategy outlined in section 280b of this title. These programs may include:

* * *

(12) loans to agricultural enterprises or endeavors administered by the Authority under ~~chapter 16A~~ subchapter 16 of this ~~title~~ chapter and any programs created thereunder.

* * *

** * * Hemp Oversight * * **

Sec. 15. TRANSITION OF HEMP PROCESSOR OVERSIGHT

6 V.S.A. chapter 34 (hemp) is repealed.

Sec. 16. 7 V.S.A. chapter 31, subchapter 3 is added to read:

Subchapter 3. Hemp

§ 851. FINDINGS; PURPOSE

(a) Findings. The General Assembly finds that the federal legal status of most hemp products will be contingent upon an amendment to 7 U.S.C. § 1639o, to take effect in November 2026, pursuant to the Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act of 2026, Pub. L. No. 119-37. The legality of hemp and hemp products in interstate commerce is unsettled and continues to evolve.

(b) Purpose. The purpose of this subchapter is to unify oversight of cannabis and hemp-derived cannabinoids under the Cannabis Control Board to more effectively prohibit illicit cannabis and cannabis product trade while positioning growers and processors of nonintoxicating hemp products to take advantage of national market opportunities that may exist. The purpose of this subchapter is also to support small-business hemp producers and processors in taking advantage of opportunities for the cultivation and sale of hemp and hemp products.

§ 852. DEFINITIONS

As used in this subchapter:

(1)(A) "Grow" means:

(i) planting, cultivating, harvesting, or drying of hemp; and

(ii) selling, storing, and transporting of hemp grown by a grower.

(B) "Grow" also means to produce.

(2) "Grower" means a person who is registered with the Board and the U.S. Department of Agriculture to produce hemp. "Grower" also means producer.

(3) "Hemp" means the plant Cannabis sativa L. and any part of the plant, including the seeds and all derivatives, extracts, cannabinoids, acids, salts, isomers, and salts of isomers, whether growing or not, with the federally defined tetrahydrocannabinol concentration level of hemp. Hemp is considered an agricultural commodity.

(4)(A) "Hemp product" or "hemp-infused product" means any product with the federally defined tetrahydrocannabinol concentration level for hemp derived from, or made by, processing hemp plants or plant parts, that is prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), "hemp product" and "hemp-infused product" do not include any substance, manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Board; or

(ii) is not lawful in interstate commerce.

(C) A hemp-derived product or substance that is excluded from the definition of "hemp product" or "hemp-infused product" pursuant to subdivision (B) of this subdivision (4) is considered a cannabis product as defined by subdivision 831(3) of this title; provided, however, that a person duly licensed or registered by the Board lawfully may possess such products in conformity with the person's active hemp processor license.

(5) "Process" means the storing, drying, trimming, handling, compounding, or converting of hemp by a processor for a single grower or multiple growers into hemp products or hemp-infused products. "Process" includes:

(A) transporting, aggregating, or packaging hemp from a single grower or multiple growers; or

(B) manufacturing hemp products or hemp-infused products from hemp concentrate.

(6) "Processor" means a person who is licensed by the Board to process hemp. A retail establishment selling hemp products or hemp-infused products is not a processor.

§ 853. HEMP; AN AGRICULTURAL PRODUCT

(a) Hemp is an agricultural product that may be grown as a crop produced, possessed, marketed, and commercially traded in Vermont pursuant to the provisions of this chapter and administrative rules of the Cannabis Control Board.

(b) The cultivation of hemp shall be subject to and comply with the Required Agricultural Practices adopted under 6 V.S.A. § 4810, as amended.

§ 854. HEMP REGISTRATION AND LICENSURE

(a) Producers. All persons engaged in the production of hemp shall register with the Board as growers and shall provide their location, the nature of their activities, and evidence that those activities conform to the requirements of federal law and regulation. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(b) Processors. All persons engaged in the processing of hemp, including trade in hemp-derived cannabinoids and process intermediaries, shall be licensed by the Board. A person shall apply for a license or renewal of a license on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(c) Products. All hemp-derived products containing or reasonably expected to contain more than 0.4 mg tetrahydrocannabinol shall be registered with the Board prior to sale to any person within this State. A person shall apply for registration or renewal of registration on a form provided by the Board. The application shall be accompanied by the fee required under section 858 of this subchapter.

(d) All applicants. The Board may deny an application for licensure, registration, or renewal if the applicant:

(1) fails to establish that its activities comply with State and federal law;

(2) refuses the Board or its lawful designees entry upon its premises to inspect and confirm compliance, including by sampling hemp and hemp products for potency testing;

(3) fails to submit information requested by the Board; or

(4) fails to submit the fee required under section 858 of this subchapter.

§ 855. RULEMAKING AUTHORITY

(a) The Board may adopt rules to provide for the implementation of this subchapter, which may include rules to:

(1) require hemp to be tested during growth for tetrahydrocannabinol levels;

(2) authorize or specify the method or methods of testing hemp, including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol levels or a taxonomic determination using genetic testing;

(3) require inspection and supervision of hemp during sowing, growing season, harvest, storage, processing, and distribution;

(4) require labels or label information for hemp products in order to provide consumers with transparent and accurate product content or source information, to be free of false or misleading claims and claims contrary to the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. §§ 301–399i, or to conform with federal requirements;

(5) establish sanitary requirements for licensed processing facilities;

(6) establish registration requirements for hemp-derived products sold or distributed in the State, including requirements that each product be sampled and tested by a laboratory recognized by the Board;

(7) require disclosure or labeling of the amount of cannabinoids known to be present in hemp products sold or distributed in the State;

(8) require that licensees and registrants, including out-of-state purveyors of registered hemp products, obtain and maintain commercially reasonable insurance, which for producers of consumer products in final form shall include product liability insurance;

(9) prohibit hazardous additives to hemp products, or specify additive limits, relative to substances that are toxic, not generally recognized as safe, or designed to make the product more addictive or more appealing to persons under 21 years of age or to mislead consumers;

(10) specify when a registered hemp product that contains more than 0.4 mg tetrahydrocannabinol must be restricted for sale to persons 21 years of age or older or restricted for sale in specified settings, or both;

(11) define "craft processors" as a class of small businesses with different needs and risks and exempt craft processor licensees from the requirements of this subchapter that the Board finds to be unnecessary to protect the public health, safety, and welfare;

(12) waive or reduce licensing fees for craft processor applicants pursuant to rule or readily accessible policy;

(13) exempt certain product categories from the requirement to register under this chapter;

(14) establish requirements for the consumer sale of any product containing tetrahydrocannabinol or other cannabinoids; or

(15) prohibit any person from making false, misleading, or unsubstantiated claims for cannabinoid-containing products.

(b) The Board shall adopt rules to:

(1) establish requirements for the licensure of processors of hemp, hemp-derived process intermediaries, and hemp products; and

(2) regulate the use of processing facilities and equipment to permit processors to use the same equipment for hemp and cannabis processing and to prevent cross contamination between hemp and cannabis.

§ 856. TEST RESULTS; ENFORCEMENT

(a) When notified that hemp, a hemp product, or a hemp-infused product has a tetrahydrocannabinol concentration exceeding the applicable federally defined tetrahydrocannabinol concentration level of hemp, the person licensed or registered with the Board to grow or process the hemp shall arrange for disposal, remediation, or destruction of the hemp, hemp product, or hemp-infused product in a manner consistent with applicable State and federal law.

(b) To enforce the provisions of this subchapter, the Board, upon presenting appropriate credentials, may conduct one or more of the following:

(1) Enter upon any premises where hemp is grown or processed and inspect premises, machinery, equipment and facilities, all hemp during any growth phase, or any hemp product or hemp-infused product during processing or storage. Inspection under this section may include taking samples, inspecting records, and inspecting equipment or vehicles used to grow, process, or transport hemp, hemp products, or hemp-infused products.

(2) Inspect any retail location offering hemp products or hemp-infused products. Inspection under this section may include taking samples of such products.

(3) Issue and enforce a written or printed "stop sale" order to the owner or custodian of any hemp, hemp product, or hemp-infused product subject to the requirements of this subchapter or rules adopted under this subchapter that the Board finds is in violation of any of the provisions of this subchapter or rules adopted under this subchapter. An order may prohibit further sale, processing, and movement of the hemp, hemp product, or hemp-infused product until the Board has approved and issued a release from the "stop sale" order.

(A) This order shall include the reason for issuance, a description of the hemp or hemp products at issue, instructions to separate all hemp or hemp products subject to the order, and any recommended measures to remedy the basis or bases for the order.

(B) A person issued a "stop sale" order may appeal that order to the Board within 15 days after receipt. The person shall file any appeal by serving a letter on the Board, which shall state all grounds for the appeal and identify the hemp or hemp products affected by the appeal.

§ 857. ADMINISTRATIVE PENALTIES

(a) The Board may assess violations and administrative penalties against persons licensed or registered pursuant to this subchapter, as well as persons required to be licensed or registered pursuant to this subchapter who fail to obtain or maintain required credentials.

(b) The compliance and enforcement authorities and procedures applicable to cannabis establishments shall apply to persons licensed or registered under this subchapter.

(c) The Board may enforce a final administrative penalty by filing a civil collection action in any Superior Court.

§ 858. FEES

(a) The following fees shall apply to each license or registration application or each annual license or registration renewal under this subchapter:

(1) Producer: $50.00.

(2) Processor: $500.00.

(3) Product: $75.00.

(b) Notwithstanding subsection (a) of this section, the Board may issue longer registrations, prorated at the same cost per year, for products it deems low risk and shelf-stable. The products may be defined and distinguished in readily accessible published guidance.

Sec. 16a. HEMP FEES REPORTING

On or before January 15, 2027, the Cannabis Control Board shall submit to the House Committees on Agriculture, Food Resiliency, and Forestry, on Ways and Means, and on Government Operations and Military Affairs and the Senate Committees on Agriculture, on Finance, and on Economic Development, Housing and General Affairs a report that includes the following information:

(1) a summary of all hemp fees in effect in fiscal year 2027, including any waivers, reductions, or alterations to the hemp fee schedule as set forth in 7 V.S.A. § 858;

(2) a summary of the revenue derived from each fee in fiscal year 2026;

(3) a comparison of fees in other jurisdictions;

(4) an analysis of policies or trends that might affect the viability of the fee amount; and

(5) a recommendation regarding how the hemp fee schedule as set forth in 7 V.S.A. § 858 may be adjusted to better promote the intent of the General Assembly to better support small-business hemp producers and processors.

Sec. 16b. REPEAL

7 V.S.A. § 855(a)(12) (waiving or reducing licensing fees for craft processors) is repealed on January 1, 2028.

Sec. 17. 18 V.S.A. § 4201(15) is amended to read:

(15)(A) "Cannabis" means all parts of the plant Cannabis sativa L., except as provided by subdivision (B) of this subdivision (15), whether growing or harvested, and includes:

(i) the seeds of the plant;

(ii) the resin extracted from any part of the plant; and

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin.

(B) "Cannabis" does not include:

(i) the mature stalks of the plant and fiber produced from the stalks;

(ii) oil or cake made from the seeds of the plant;

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake;

(iv) the sterilized seed of the plant that is incapable of germination; or

(v) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852.

Sec. 18. 32 V.S.A. § 7811(b) is amended to read:

(b) The tax established in this section shall not be imposed on:

(1) cannabis-related supplies sold by a dispensary registered under 7 V.S.A. chapter 37 to registered patients and registered caregivers, as those terms are defined in 7 V.S.A. § 972;

(2) cannabis products, as defined in 7 V.S.A. § 831, that do not contain tobacco; or

(3) hemp or hemp products, as defined in ~~6 V.S.A. § 562~~ 7 V.S.A. § 852, that do not contain tobacco.

Sec. 19. 7 V.S.A. § 845 is amended to read:

§ 845. CANNABIS REGULATION FUND

(a) There is established the Cannabis Regulation Fund, which shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5. The Fund shall be maintained by the Cannabis Control Board.

(b) The Fund shall be composed of:

(1) all State application fees, annual license fees, renewal fees, and civil penalties collected by the Board pursuant to ~~chapters~~ chapter 31 (cannabis); chapter 33 (cannabis establishments); and chapter 37 (medical cannabis dispensaries) of this title;

* * *

Sec. 20. 7 V.S.A. § 834 is added to read:

§ 834. SALES RESTRICTIONS

(a) As used in this section, "unregistered hemp" or "unregistered cannabis" means a product required by State law or rule of the Cannabis Control Board to be registered with the Cannabis Control Board, including a product derived from the unregistered hemp or unregistered cannabis, that is not registered on the date a transaction occurs.

(b) No person shall cause unregistered hemp or unregistered cannabis purchased by mail or through a computer network, telephonic network, or other electronic network to be shipped to anyone other than a licensed cannabis laboratory in this State.

(c) No person shall, with knowledge or reason to know of the violation, provide substantial assistance to a person in violation of this section.

(d) A violation of this section is punishable as follows:

(1) A knowing or intentional violation of this section shall be punishable by imprisonment for not more than five years or a fine of not more than $5,000.00, or both.

(2) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a person has violated this section, the Attorney General may impose a civil penalty in an amount not to exceed $5,000.00 for each violation. For purposes of this subsection, each shipment or transport of unregistered hemp or unregistered cannabis shall constitute a separate violation.

(3) The Attorney General may seek an injunction to restrain a threatened or actual violation of this section.

(4) In any action brought pursuant to this section, the State shall be entitled to recover the costs of investigation, expert witness fees, the action, and reasonable attorney's fees.

(5) A person who violates this section engages in an unfair and deceptive trade practice in violation of the State's Consumer Protection Act, 9 V.S.A. §§ 2451 et seq.

(6) If a court determines that a person has violated the provisions of this section, the court shall order any profits, gain, gross receipts, or other benefit from the violation to be disgorged and paid to the State Treasurer for deposit in the General Fund.

(7) Unless otherwise expressly provided, the penalties or remedies, or both, under this section are in addition to any other penalties and remedies available under any other law of this State.

** * * Natural Resources Conservation Council Mortgages * * **

Sec. 21. 10 V.S.A. § 723 is amended to read:

§ 723. POWERS OF SUPERVISORS

The supervisors shall have the following powers:

** * **

(5) To obtain options upon and to acquire by purchase, exchange, lease, gift, grant, or bequest, any property, real or personal; to maintain, administer and improve any properties acquired; to receive income from the properties and to expend the income in carrying out the purposes and provisions of this chapter; and to borrow money, mortgage, sell, lease, or otherwise dispose of any of its property or interests in property in furtherance of the purposes and

the provisions of this chapter~~, provided however, that real estate shall not be mortgaged, and provided however, that the sale, lease, or other disposition of real property of the district is approved by the written consent of the governor~~;

* * *

** * * CAFO Permit Working Group * * **

Sec. 22. 10 V.S.A. § 1354 is added to read:

§ 1354. CONCENTRATED ANIMAL FEEDING OPERATION PERMIT PROGRAM WORKING GROUP

(a) Creation. The Secretary of Natural Resources, in coordination with the Secretary of Agriculture, Food and Markets, shall convene a working group of interested parties to provide advice and recommendations on the implementation of and transition to the Concentrated Animal Feeding Operation (CAFO) permit required under section 1353 of this title.

(b) Membership. The working group shall be composed of the following:

(1) five livestock farmers who are in good standing, appointed by the Speaker of the House as follows:

(A) one representative of the Champlain Valley Farmer Coalition;

(B) one representative of the Franklin and Grand Isle Farmers Watershed Alliance;

(C) one representative of the Connecticut River Watershed Farmers Alliance;

(D) one representative of the Vermont Dairy Producers Alliance; and

(E) one representative of farmers from the Northeast Kingdom;

(2) three agricultural technical service providers, appointed by the Governor;

(3) three representatives from the environmental advocate community, appointed by the Committee on Committees; and

(4) the executive director or designee from the Vermont Association of Conservation Districts.

(c) Assistance. The Agency of Natural Resources and the Agency of Agriculture, Food and Markets shall participate in the working group on an advisory and administrative capacity but shall not have appointed members on the working group and shall not be required to submit reports to the General Assembly. The working group shall have the administrative, technical, and legal assistance of the Agency of Natural Resources.

(d) Meetings.

(1) The Secretary of Natural Resources shall call the first meeting of the working group to occur on or before November 1, 2026.

(2) The working group shall select co-chairs from among its members at the first meeting. One of the co-chairs shall represent livestock farmers, and one co-chair shall represent the environmental advocate community.

(3) A majority of the membership of the working group shall constitute a quorum.

(4) The working group shall meet at least quarterly, or more frequently at the request of the co-chairs or at the request of the Secretary of Natural Resources.

(5) The working group's meetings shall be open to the public in accordance with 1 V.S.A. chapter 5, subchapter 2. Notwithstanding 1 V.S.A. § 313, the working group may go into executive session in order to discuss a circumstance or an event regarding a specific farm or regarding a possible CAFO permit violation by a specific farm.

(e) Report. The working group annually shall report to the House Committees on Agriculture, Food Resiliency, and Forestry and on Environment and the Senate Committees on Agriculture and on Natural Resources and Energy. The report may take the form of testimony to committees from members of the working group.

(f) Definition. As used in this section, "good standing" means a farmer subject to the requirement of this subchapter or to the requirements of 6 V.S.A. chapter 215 and who:

(1) does not have an active enforcement violation that has reached a final order with the Secretary of Natural Resources or the Secretary of Agriculture, Food and Markets; and

(2) is in compliance with the terms of any current grant agreement or contract with the Agency of Natural Resources or the Agency of Agriculture, Food and Markets.

Sec. 23. CONCENTRATED ANIMAL FEEDING OPERATION; TRAINING ON INSPECTION

(a) On or before March 1, 2027, the Secretary of Natural Resources shall contract with a third-party consultant to:

(1) assist the Secretary in the development of standards and procedures to be used by the Agency of Natural Resources and the Agency of Agriculture,

Food and Markets when inspecting Concentrated Animal Feeding Operations (CAFOs) as required by 10 V.S.A. chapter 47, subchapter 3A; and

(2) provide training to the Agency of Natural Resources and Agency of Agriculture, Food and Markets staff on implementation of inspection of CAFOs. Farmers who qualify for a CAFO permit may voluntarily attend training sessions.

(b) When the Secretary of Natural Resources and the Secretary of Agriculture, Food and Markets commence inspections of CAFOs under 10 V.S.A. chapter 47, subchapter 3A, the third-party consultant shall accompany the Agency of Natural Resources' inspectors on 10 inspections to ensure compliance with the inspection standards developed under subsection (a) of this section.

Sec. 24. CONTINGENCY OF FUNDING

The duty to implement Sec. 23 of this act (Concentrated Animal Feeding Operation; training on inspection) is contingent upon an appropriation of funds in fiscal year 2027 from the General Fund to the Agency of Natural Resources for the specific purposes described in Sec. 23 of this act.

** * * Farm and Forestry Operations Security Special Fund * * **

Sec. 24a. 6 V.S.A. § 4643(e) is amended to read:

(e) All administratively complete applications shall be evaluated by the Review Board. Within 15 days following receipt of an administratively complete application, the Review Board by majority vote shall recommend to the Secretary whether to issue a payment to the applicant. ~~If the Review Board recommends an award under this section, the~~ The Secretary shall ~~issue the award~~ make a final award determination within 15 days following the date of the Review Board's recommendation.

** * * Permitting Large and Medium Farm Operations * * **

Sec. 24b. 6 V.S.A. § 4851(i) is amended to read:

(i) ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit under this section shall ~~submit~~ not be required to pay an annual operating fee ~~of $2,500.00~~ to the Secretary. ~~During any calendar year in which a person has an active Large Concentrated Animal Feeding Operation permit issued by the Agency of Natural Resources pursuant to the federal Clean Water Act and pays the required associated fee, that person shall not be required to pay the $2,500.00 annual operating fee described in this section. The fees collected under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

Sec. 24c. 6 V.S.A. § 4858(e) is amended to read:

(e) Operating fee. ~~A~~ Beginning on July 1, 2026, a person required to obtain a permit or coverage under this section shall ~~submit~~ not be required to pay an annual operating fee ~~of $1,500.00~~ to the Secretary. ~~The fees collected under this section shall be deposited in the Agricultural Water Quality Special Fund under section 4803 of this title.~~

** * * Effective Dates * * **

Sec. 25. EFFECTIVE DATES

(a) Secs. 15–20 (hemp oversight) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2026.