



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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S.323 – An act relating to miscellaneous agricultural provisions

As recommended by the Senate Committee on Agriculture, Draft 4.1¹

Bill Summary

The bill would make various changes to various provisions and programs regulating agriculture and farmers, including:

- *Section 4:* extends the Act 250 exemption for accessory on-farm structure permits to improvements for processing and preparation of qualifying products in which no more than \$250,000 in total annual sales or an equivalent value of donated farm crops originates from outside the farm where the business is located;
- *Sections 5-6:* expands the use value appraisal enrollment threshold for land used for agricultural purposes to include the equivalent value of donated farm crops;
- *Section 9:* repeals the pest control compact, which is no longer operational;
- *Section 10:* extends the Agency of Agriculture, Food and Markets (AAFM) examination fee for pesticide dealer licenses and applicator certifications to first time test takers;
- *Sections 11-16:* conforms seed law to universal standards;
- *Section 24:* removes fees for large and medium farm operations; and
- *Sections 27-28:* transitions oversight of the hemp market from the AAFM to the Cannabis Control Board (CCB).

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

Fiscal Impact

The bill contains miscellaneous fiscal impacts:

Section	Provision	Impact	Fund
Section 4	Changes to Act 250 exemptions for accessory on-site businesses	Unknown negative	Act 250 Permit Fund
Sections 5-6	Use Value Appraisal Program eligibility changes	Unknown negative	Education Fund; General Fund
Section 10	Pesticide examination fee changes	Minimal positive	AAFM – Pesticide Monitoring Special Fund
Section 24	Large and medium farm operator fees	Revenue loss of approximately \$230,000 annually	Agricultural Water Quality
Sections 26-29	Fee for hemp producers, processors, and products	Minimal increase in annual revenues	Cannabis Regulation Fund

Background and Details

The following sections have a fiscal impact.

Section 4: Accessory On-Farm Structure Permit

Under current law, accessory on-site farm businesses can receive an exemption for Act 250 permits and permit amendments for improvements for the storage or sale of qualifying products and for improvements for the preparation or processing of qualifying products as long as more than 50% of the total annual sales of qualifying products come from the farm associated with the business. This section would expand the exemption to include improvements for the preparation or processing of qualifying products if the annual sales or equivalent value of products that originate off the farm does not exceed \$250,000. This provision would reduce revenues to the Act 250 Permit Fund from an increase in Act 250 permit exemptions.

Section 5: Land Use Value Appraisal

Currently, enrolling land in the Use Value Appraisal Program requires an annual gross income \$2,000 from the sale of farm crops for parcels of up to 25 acres, and \$75 per acre above 25 acres, up to maximum threshold value of \$5,000. This section would expand eligibility to land that has produced an equivalent value of donated farm crops.

The Use Value Appraisal Program sets a use value for each acre of agricultural land. This value is used for calculating both municipal and education property taxation. In tax year 2025, the agricultural land value per acre was \$510. Increases in land enrolled in Use Value Appraisal Program would generate a reduction in Education Fund revenue and increase General Fund “hold harmless” payments to municipalities to compensate them for lost property tax revenue. Absent other changes in policy, the statewide homestead property yield and/or statewide nonhomestead property tax rate may need to be adjusted to account for the forgone revenue from this provision.

Section 10: Pesticide Applicators

Under current law, pesticide applicators pay a \$25 fee for second and third examinations if they need to retake the exam. This section would expand this fee to apply to initial examinations. Testimony from AAFM indicated that attendance at initial examinations is low and the fee may encourage registered participants to attend the examination the first time. It would increase revenues to the AAFM Pesticide Monitoring Special Fund.

Sections 24-25: Permitting for Large and Medium Farm Operations

Large farm operators pay an annual operating fee of \$2,500 fee to AAFM. Medium farm operators pay \$1,500. These fees are deposited in the Agricultural Water Quality Special Fund. These sections would remove these required annual fees, effective July 1, 2026, and replace the lost revenue with General Fund. The estimated cost of this provision in fiscal year 2027 is \$231,500.

Sections 26-29: Transition of Hemp Oversight

Until December 31, 2022, AAFM regulated hemp producers and charged a fee structure found in 6 V.S.A. § 570 based on the amount of acreage cultivated. Starting in 2023, AAFM ended hemp regulation and required hemp producers to register with the USDA in accordance with federal law. Section 27 would place hemp regulation under the purview of the Cannabis Control Board (CCB) and require producers (\$50), processors (\$500), and products (\$75) to pay a license annual fee.

The federal fiscal year 2026 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act specified that any hemp product with more than 0.4mg of THC per package would be treated the same as cannabis as the federal level and interstate commerce would not be allowed. Accordingly, the estimated revenue from this provision is based on a relatively limited number of Vermont hemp products. If interstate commerce of hemp is allowed at the federal level, thousands of products from other states would be licensed to be sold in Vermont and would increase estimates to approximately \$90,000 in annual revenue to the Cannabis Regulation Fund.

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.