

1 H.205

2 Introduced by Representatives Graham of Williamstown, Surprenant of
3 Barnard, Bartley of Fairfax, Beck of St. Johnsbury, Branagan of
4 Georgia, Clifford of Rutland City, Cole of Hartford, Goslant of
5 Northfield, Higley of Lowell, Labor of Morgan, Leavitt of
6 Grand Isle, Lipsky of Stowe, Maguire of Rutland City, Mattos
7 of Milton, McFaun of Barre Town, Morgan of Milton,
8 Morrissey of Bennington, Noyes of Wolcott, O'Brien of
9 Tunbridge, Oliver of Sheldon, Pajala of Londonderry, Parsons
10 of Newbury, Pearl of Danville, Peterson of Clarendon, Rice of
11 Dorset, Sammis of Castleton, Sims of Craftsbury, Small of
12 Winooski, Smith of Derby, Templeman of Brownington,
13 Whitman of Bennington, Williams of Granby, and Wilson of
14 Lyndon

15 Referred to Committee on

16 Date:

17 Subject: Agriculture; small farms; financial assistance; diversification;
18 transition

19 Statement of purpose of bill as introduced: This bill proposes to establish the
20 Small Farm Diversification and Transition Program at the Agency of
21 Agriculture, Food and Markets to provide small farms in Vermont with State

1 financial assistance to diversify production on a farm or to transition from one
2 form of farming to another.

3 ~~An act relating to establishing the Small Farm Diversification and~~
4 ~~Transition Program~~ *An act relating to establishing the Small Farmer*
5 *Diversification and Transition Program*

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

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

8 Subchapter 4. Small Farm Diversification and Transition Program

9 § 4631. Small Farm Diversification and Transition Program

10 (a) The Small Farm Diversification and Transition Program is created at
11 the Agency of Agriculture, Food and Markets to provide small farms in
12 Vermont with State financial assistance to diversify production on a farm or to
13 transition from one form of farming to another. Assistance under the Program
14 shall be in the form of grants. Small Farm Diversification and Transition
15 Program grants shall be used for costs of:

- 16 (1) diversifying the agricultural commodities produced on a small farm;
17 (2) transitioning a small farm from one form of farming to another;
18 (3) on-farm processing of agricultural commodities on a small farm; and
19 ~~(4) development of accessory on-farm businesses on a small farm.~~

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

3 (1) that they are a small farm as defined under the Required Agricultural
4 Practices;

5 (2) potential from the proposed diversification or transition to create
6 additional income for the farm; and

7 (3) a proposed plan for diversification or transition that includes
8 possible markets for the proposed product and probable income.

9 (c)(1) The Secretary of Agriculture, Food and Markets shall issue Small
10 Farm Diversification and Transition Program grants under this section when
11 funds are available for the Program on a first-come, first-served basis until all
12 funds are expended.

13 (2) Applications shall be processed in the order received, but an
14 application shall not be ready for evaluation until the Secretary determines that
15 the application is administratively complete and includes all required
16 documentation required by the Secretary.

17 Sec. 2. APPROPRIATION

18 In addition to any other funds appropriated to the Agency of Agriculture,
19 Food and Markets in fiscal year 2024, \$250,000.00 is appropriated from the
20 General Fund to the Agency of Agriculture, Food and Markets for purposes of
21 the Small Farm Diversification and Transition Program.

1 ~~Sec. 3. EFFECTIVE DATE~~

2 ~~This act shall take effect on July 1, 2023.~~

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

Subchapter 4. Small Farmer Diversification and Transition Program

§ 4631. Small Farmer Diversification and Transition Program

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

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

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

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

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

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

(1) the applicant is a small farmer;

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

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

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

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

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

(d)(1) The Secretary shall provide public notice of available grants and shall provide applicants with technical assistance in complying with application requirements. The Secretary shall publicize the Small Farmer Diversification and Transition Program in newsletters, press releases, e-mail, and other communications from the Agency of Agriculture, Food and Markets.

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

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

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

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

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

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

(e) As used in this subchapter:

(1) "Farm products" means:

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

(i) plants grown for food, feed, and fiber, but excluding trees grown for timber purposes;

(ii) Christmas trees;

(iii) maple sap;

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

(v) pasture; and

(B) livestock, born or unborn, including goods produced in aquacultural operations; or

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

(2) "Small farmer" means any person who:

(A) earns at least one-half of the person's annual gross income from the business of farming as that term is defined in Regulation 1.175-3 issued under the Internal Revenue Code of 1986;

(B) is engaged in "farming" as that term is defined in 10 V.S.A. § 6001(22), regardless of the size of the parcel, and whose gross income from the sale of the farm products equals at least one-half of the farmer's annual gross income; or

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

Sec. 2. APPROPRIATION

In addition to any other funds appropriated to the Agency of Agriculture, Food and Markets in fiscal year 2024, \$500,000.00 is appropriated from the General Fund to the Agency of Agriculture, Food and Markets for purposes of the Small Farmer Diversification and Transition Program. Funds appropriated under this section that are unexpended in fiscal year 2024 shall

~~carry forward for use by the Agency of Agriculture, Food and Markets in fiscal year 2025 for purpose of awarding grants under 6 V.S.A. § 4631 for the Small Farmer Diversification and Transition Program.~~

Sec. 2. APPROPRIATION

In addition to any other funds appropriated to the Agency of Agriculture, Food and Markets in fiscal year 2024, \$350,000.00 of one-time funds are appropriated from the General Fund in fiscal year 2024 to the Agency of Agriculture, Food and Markets for purposes of implementing of the Small Farmer Diversification and Transition Program.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2023.