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Vermont Current Use Program: Profile and Impacts

Vermont's Current Use program, established in 1978, is formally called the Use Appraisal of Agricultural Forest, Conservation, and Farm Buildings Property.¹ The program gives enrolled forest, agricultural, and conservation lands preferential taxation by assessing land by its value for how it is currently being used rather than the land's fair market value. As the use value for these lands is less than its value for more intensive uses, such as commercial or residential development, there is less financial pressure for farmers and property owners to sell or develop their land. The *Vermont Legislative Research Service* report titled "Vermont Current Use Program: Regional State Comparison" details Vermont's Current Use program in greater depth and compares enrollment qualifications to similar programs in New England states.² In this report, we explore who is enrolled in the Current Use program and the extent of its impact on dairy farmers and property taxpayers across the state of Vermont.

Current Use Profile

When Vermont's Current Use program began providing property tax benefits in 1980, there were about 120,000 acres enrolled in the program. Currently, around one-third of Vermont's total land is enrolled. This totals 19,692 parcels equaling 2.57 million acres.³ In 2024, the Vermont Current Use program received and reviewed 1,769 applications from landowners. 1,249 applications were associated with transfers. 243 were additions by people already involved in the program, and 277 were new enrollments.⁴

To be eligible for agricultural benefits under the Current Use program, landowners must either earn 50% of their gross annual income from farming or they must lease to a person who earns 50% of their income from farming including dwellings for farm employee housing.⁵ The sale of processed products must be at least 75% from farm crops produced on the agricultural parcel

¹ Vermont Department of Taxes, *Current Use*, accessed September 24, 2025. [Current Use | Department of Taxes](#).

² Anna Bouchard, Isabella DeGroot, and Sophia MacKinnon, "Vermont Current Use Program: Regional State Comparison," *Vermont Legislative Research Service*, 2025. <https://uvm.d10.drupal2.uvm.edu/d10-files/documents/2025-11/Vermont-s-Current-Use-Program-Regional-State-Comparison.pdf>

³ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*, 2025. <https://tax.vermont.gov/sites/tax/files/documents/RP-1295-2025.pdf>

⁴ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

⁵ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

enrolled in the Current Use program. Along with this, the land must produce a gross income of at least \$2,000/year from the sale of farm crops.⁶

An analysis of landowners' primary zip codes shows that 23% of parcels in the Current Use program are owned by people living outside the state of Vermont. These parcels account for 29.5% of the total land enrolled in the program.⁷

The Vermont Homestead Declaration determines tax rates based on primary residence and land use. Current Use landowners who have a primary residence out of state may not receive the tax rate associated with the Homestead Declaration. Instead, they will have their land enrolled as non-homestead which comes with a higher property tax rate.

Under the Vermont Homestead Declaration, "all property is considered non-homestead, unless it is declared as a homestead."⁸ As of 2024, the base tax rate for homestead land was 1% and the base tax rate for non-homestead land was 1.391%.⁹

A property can be claimed as homestead if the landowner is a Vermont state resident and they own and occupy a domicile as of April 1, 2026.¹⁰ Non-homestead property is determined if the "property is leased for more than 182 days out of the calendar year," the "property is used exclusively for commercial, including rental, purposes," or the "property is used for a second home, camp, vacation, or summer cottage."¹¹ If more than 25% of the property is used for commercial purposes, then it must be reported as non-homestead and the appropriate tax rate must be paid.¹²

Impact on Dairy Farms

In 1965, Vermont had more than 6,000 dairy farms.¹³ There are now approximately 480.¹⁴ The number of total dairy cows in Vermont has declined from an estimated 194,000 cows in 1970 to 114,000 in 2024.¹⁵ Remaining Vermont dairy farms have increased in scale of operations.¹⁶ Low and volatile milk prices, high input costs, and quota reductions have contributed to this pattern as

⁶ Vermont Department of Taxes, "Form CU-301."

⁷ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

⁸ Vermont Department of Taxes, "Homestead Declaration," accessed December 14, 2025. <https://tax.vermont.gov/homestead-declaration>

⁹ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

¹⁰ Vermont Department of Taxes, "Homestead Declaration."

¹¹ Vermont Department of Taxes, "Homestead Declaration."

¹² Vermont Department of Taxes, "The Vermont Homestead Declaration."

¹³ Bob Parsons, "Vermont's Dairy Sector: Is There a Sustainable Future for the 800 lb. Gorilla?" *Food System Research Collaborative*, 2010. <https://ageconsearch.umn.edu/record/201256/files/WorkingPaperParsons-web.pdf>

¹⁴ Vermont Dairy, "The State of Dairy," accessed October 21, 2025. [The State of Dairy - Vermont Dairy](#)

¹⁵ United States Department of Agriculture, "Milk Cows and Production by State and Region," May 6, 2025. <https://ers.usda.gov/sites/default/files/laserfiche/DataFiles/48685/milk-cows-and-prod.xlsx?v=22363>

¹⁶ Vermont Dairy, "The State of Dairy."; Jonathan Walsh, Robert Parsons, Qingbin Wang, and David Conner, "What Makes an Organic Dairy Farm Profitable in the United States? Evidence from 10 Years of Farm Level Data in Vermont," *Agriculture*, 2020. <https://doi.org/10.3390/agriculture10010017>

remaining dairy farms have increased the size of their operation to benefit from economies of scale.¹⁷

Compared to land used for development or housing, agricultural land often has a lower value. This creates market pressure for farmers to sell their land for development.¹⁸ A primary goal of Vermont's Current Use program is to lower this market pressure by taxing the land's use value rather than its fair market value.¹⁹ Of Vermont's farmland, 52% is devoted to dairy farming or growing dairy feed.²⁰

Table 1 below displays the findings of the Northeast Organic Farming Association of Vermont's 2023 survey.²¹ Fifteen Vermont organic dairy farms reported their expenses in 2023 as measured in the amount spent per farm (\$/farm) and the amount spent per hundredweight equivalent (CWT eq.) of dairy products. Farm expenses are listed in descending order of amount spent per CWT eq. Farms spent an average of \$0.63/CWT eq. or \$10,518 per farm on property taxes. Respondents individually paid between \$0 and \$53,928 on property taxes in 2023. We were unable to find information as to how many participants are renting the land for farming purposes and how many are landowners paying property taxes. We were also unable to find how many, if any, of these farmlands are enrolled in the Current Use program.²²

The tax benefit of enrollment in the Current Use program may not impact the farm operator. Agricultural land that is leased to a farmer for a term of at least three years may be enrolled and taxed at a use value of \$510 per acre. Enrollment is not dependent on being the active farm operator if the land is used for farming. In these instances, it is the property owner that receives the tax benefit from Current Use program enrollment, not the farm operator.²³

¹⁷ Walsh, Parsons, Wang, and Conner, "What Makes an Organic Dairy Farm Profitable in the United States? Evidence from 10 Years of Farm Level Data in Vermont."

¹⁸ Jess Phelps, "A Working Guide to Current Use Taxation for Agricultural Lands," *Center for Agriculture and Food Systems*, accessed September 24, 2025. <https://farmlandinfo.org/wp-content/uploads/sites/2/2022/05/A-Working-Guide-to-Current-Use-Taxation-for-Agricultural-Lands.pdf>

¹⁹ Jess Phelps, "A Working Guide to Current Use Taxation for Agricultural Lands."

²⁰ Agency of Agriculture, Food and Markets, *Vermont Dairy Delivers*, accessed October 21, 2025. <https://www.vermontdairy.com/wp-content/uploads/2025/03/Vermont-Dairy-Delivers.pdf>

²¹ Northeast Organic Farming Association of Vermont, "2023 Organic Dairy COP," accessed October 21, 2025. https://www.nofavt.org/sites/default/files/files/resources/2023%20Organic%20Dairy%20COP_All%20Farms_Avg.Min_Max.pdf

²² Northeast Organic Farming Association of Vermont, "2023 Organic Dairy COP."

²³ 32 V.S.A. § 3752 (1977).

Table 1: 2023 Vermont Organic Dairy Farm Expenses.²⁴

Farm Expenses	\$/farm			\$/CWT. Eq.		
	Average	Min	Max	Average	Min	Max
Property Taxes	\$10,518	\$0	\$53,928	\$0.63	\$0	\$1.72
Total Cash Expense	\$457,863	\$84,161	\$966,208	\$30.90	\$20.73	\$40.82
Grain & Minerals	\$168,068	\$23,066	\$395,216	\$10.81	\$6.14	\$16.98
Repairs	\$47,761	\$4,332	\$139,868	\$3.10	\$0.50	\$6.26
Supplies	\$29,550	\$10,718	\$79,477	\$2.19	\$0.63	\$3.46
Hired Labor	\$34,493	\$0	\$91,451	\$2.14	\$0	\$7.92
Purchased Forages	\$24,577	\$0	\$102,313	\$1.75	\$0	\$6.84
Utilities	\$20,510	\$1,251	\$65,814	\$1.43	\$0.13	\$3.63
Fuel, Gas, and Oil	\$19,148	\$2,338	\$41,613	\$1.35	\$0.71	\$3.13
Land Rental	\$14,355	\$0	\$55,810	\$1.31	\$0	\$6.63
Bedding	\$15,323	\$600	\$40,825	\$1.05	\$0.06	\$2.06
Farm Insurance	\$12,953	\$0	\$30,561	\$1.01	\$0	\$2.05
Custom Hire	\$15,730	\$0	\$138,994	\$0.97	\$0	\$5.51
Other	\$11,387	\$4,864	\$22,165	\$0.80	\$0.26	\$1.47
Stop & Hauling	\$6,860	\$2,474	\$23,198	\$0.50	\$0.14	\$1.08
Seed & Fertilizer	\$5,745	\$0	\$37,574	\$0.49	\$0	\$3.99
Breeding Fees	\$6,893	\$0	\$19,000	\$0.47	\$0	\$1.07
Machine Rentals	\$6,488	\$0	\$51,864	\$0.47	\$0	\$5.09
Veterinary & Medicine	\$5,144	\$0	\$37,574	\$0.42	\$0.14	\$1.11

Table 1: \$/farm is amount spent per farm. CWT eq. is amount spent per hundredweight equivalent (CWT eq.) of dairy products. Property taxes are in bold to highlight.

Impact on Taxpayers

Vermont's Current Use program impacts property taxpayers across the state, whether they are enrolled in the program or not. Property owners with land enrolled in the program receive a property tax reduction. However, every Vermont property taxpayer, including those with land enrolled, face a change in their property tax rate to restore the property tax revenue foregone to the state as a result of the Current Use program.²⁵

Property taxes in Vermont fund the local municipality in which the property resides, and the state's public education system. Act 60 titled the *Equal Educational Opportunity Act* was passed in 1997 to equalize education funding across the state so that a town's education budget was not restricted by property values within the town boundaries.²⁶ Now Vermont has a State Education Fund to evenly distribute revenue acquired from the statewide education property tax.²⁷ To

²⁴ Northeast Organic Farming Association of Vermont, "2023 Organic Dairy COP."

²⁵ Jill Remick, Vermont Department of Taxes, interview with Sophia MacKinnon, telephone interview, October 16, 2025.

²⁶ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

²⁷ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

collect this tax, municipalities are responsible for creating and maintaining a Grand List that records property values of two classes, homestead and non-homestead, within the municipal boundaries. With the help of Vermont Property Information Exchange, the statewide software system hosted by Vermont's Department of Taxes, municipal listers and assessors are responsible for assessing the fair market value of properties recorded on the Grand List.²⁸

The State Education Fund has multiple streams of revenue from both property taxes, and non-property tax revenue sources, including the sales and use, purchase and use, and meals and room taxes.²⁹ The Current Use program in Vermont provides a property tax reduction to both the education property tax and the municipal property tax for all enrolled landowners.³⁰ In 2024, property owners enrolled in the Current Use program saved \$55,689,506 in education property taxes and \$20,502,765 in municipal property taxes.³¹ Additionally, Vermont offers income-sensitized property tax credits to reduce the property tax burden for qualifying homestead taxpayers across the state.³²

While the loss in tax revenue to the municipality is reimbursed from the State General Fund in the form of a payment known as the "Hold Harmless Payment," the loss in tax revenue to the Education Fund is not reimbursed by the state.³³ That foregone tax revenue is made up by a yearly change in property tax rates to all landowning Vermonters.³⁴ In fiscal year 2024, the average homestead property tax rate was \$1.311 per \$100 of property value.³⁵ In fiscal year 2025, that rate lowered to \$1.303, and for fiscal year 2026, the average homestead property rate rose to \$1.593.³⁶

When a property owner enrolls their land in the Current Use program, a contingent lien is placed on said land to ensure that the Land Use Change Tax (LUCT), on top of standard property taxes, is paid to the state if the land, or part of the enrolled land, is developed.³⁷ The LUCT is assessed at 10% of the fair market value of the parcel that is developed. Half of the LUCT revenue, up to a maximum of \$2,000, is sent back to the municipality where the property resides.³⁸ In 2024, the total LUCT revenue assessed in the state summed to \$1,705,884, and \$505,908 was sent back to municipalities across Vermont.³⁹ Of the other half of the LUCT revenue, three-quarters is sent to the State Education Fund, and the remaining quarter is sent to the State "General Fund."⁴⁰

²⁸ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

²⁹ Joint Fiscal Office, "Education Fund Outlook for FY 2026," July 31, 2025.

https://ljfo.vermont.gov/assets/Subjects/Education-Fund-Outlooks-for-the-2025-Session/GENERAL-379364-v8-FY26_EFOutlook_073125.pdf

³⁰ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³¹ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³² Joint Fiscal Office, *2023 Report on Vermont's Education Financing*, February 17, 2023.

https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/5c1b5b9886/GENERAL-366459-v2-2023_Report_on_Education_Financing.pdf

³³ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³⁴ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³⁵ Joint Fiscal Office, "Education Fund Outlook for FY 2026," July 31, 2025.

³⁶ Joint Fiscal Office, "Education Fund Outlook for FY 2026," July 31, 2025.

³⁷ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³⁸ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

³⁹ Vermont Department of Taxes, *Property Valuation and Review: 2025 Annual Report*.

⁴⁰ 32 U.S.A. § 3757 (1977).

All property taxpayers in Vermont are responsible for offsetting the loss in property tax revenue to the State Education Fund as a result of several programs and policies, including the Current Use program and income-sensitized property tax credits, but part of that deficit is also satisfied by the LUCT yield derived from the Current Use program.

This report was completed on December 15, 2025 by Anna Bouchard, Isabella DeGroot, and Sophia MacKinnon under the supervision of VLRS Director, Dr. Anthony “Jack” Gierzynski and VLRS Deputy Director, Dr. Jonathan “Doc” Bradley in response to a request from Representative Charlie Kimbell.

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