



AGRITOURISM BEST PRACTICES

Business & Financial Planning



Visitors relax with tasting plates outside of barn at Jericho Settlers' Farm, Jericho, VT during a spring open house. (Vera Simon-Nobes)

This chapter walks you through the essential steps of starting or expanding an agritourism business. It describes how to navigate some of the numerous taxes and regulations that may be involved, with links to many of the relevant laws and resources.

Many of the regulations covered here are complex, and it is impossible to cover every regulation that might affect an agritourism operation. You should consider contacting a tax consultant, attorney or other appropriate professional when starting or expanding your business.

What's Inside?

- What Is a Business Plan?
- Selecting Your Business Entity
- Setting Realistic Income Goals
- Budgeting
- Pricing
- Keeping Good Records
- Knowing When to Quit
- Financing
- Taxes, Permits, and Regulations
- Health Considerations

What Is a Business Plan?

A business plan clarifies the values, goals, challenges, and strategies of your agritourism enterprise, allowing you to work through business decisions before committing resources. It is vital to your success because it provides a clear understanding of your agritourism enterprise to help guide and focus your financial and management decisions.

A business plan also may be helpful in securing financing by providing lenders a look at your financial situation and expectations. The business plan should be a dynamic document: it should be kept up-to-date and reevaluated periodically to reflect changes in your values, goals, challenges, and strategies.

Agritourism Defined

The State of Vermont does not have a commonly accepted definition for agritourism, but many groups use this:

Agritourism is the business of establishing farms as destinations for education, recreation, and the purchase of farm products. A farm visitor could be from a city far away, or a neighboring town. Examples of agritourism include farm tours, tastings, dinners-in-the-field, farm stays, workshops, festivals, and the direct sale of products through "pick-your-own," community-supported agriculture, and many other avenues. Agritourism activities connect visitors to Vermont's iconic working landscape.

A Business Plan's 10 Major Components

1. Executive summary
2. Mission statement
3. Business concept or idea
4. Measurable goals, expected outcomes, objectives, and action steps
5. Background information (industry research and market analysis)
6. Management needs and management history
7. Marketing strategy
8. Financial strategy (including projections of capital costs, income, and expenses for the first three years of operation)
9. Exit strategy
10. Appendix

Selecting Your Business Entity

Selecting the right type of legal business structure for your farm is important if you are just starting out, looking for a way to transfer assets to the next generation, or assessing your exposure to liability. There are several types to choose from, and you may need professional help from a lawyer or accountant to determine which one is right for you. Choosing the appropriate legal structure can be one step in mitigating your liability exposure; however, a good insurance policy and conscious management are essential as well. Possible entities are listed in the table below.

Setting Realistic Income Goals

Spend time identifying what your income goals are. These might include:

- Break even or turn a profit in the first year.
- Provide supplemental income while holding a full-time job off the farm.
- Earn all of your (your household's) income from farming (within a specified time frame).
- Meet current and long-term family income needs (college tuition, health insurance, retirement).
- Expand farm income enough to allow your children to become partners in the farm business.

Types of Business Entities

Type of Entity	Does This Limit Liability?	How Are Profits Taxed?	What Gets Transferred Most Easily?	Does It Support Raising Capital?
Sole Proprietorship	No	Taxed as an individual	Individual assets	Less appropriate
General Partnership	No, but may elect to become a limited liability partnership	Partnership taxation	Capital interest	Appropriate when structured as a limited partnership
Limited Liability Company (LLC)	Yes	May choose to be taxed as a partnership or as a corporation. Single-member LLC is a "disregarded entity"	Units	Yes
Corporation	Yes	May choose to be taxed as a Partnership (S Corp) or as a Corporation (C Corp)	Shares	Yes
Nonprofit	Limited liability for members and uncompensated board members	Tax exempt	Transfer of assets to other than nonprofit is prohibited	Yes
Cooperatives	Limited liability for members	Taxed as a cooperative	Transfer restricted to other eligible cooperative members (farmers)	Yes

SOURCE: A Legal Guide to the Business of Farming in Vermont, University of Vermont, 2006

Budgeting

Consider using a partial budgeting tool to begin comparing the costs and benefits of expanding or changing a farming business. Partial budgeting only examines changes in farm finances specifically attributed to an alternative enterprise.

For example, consider a producer of 300 acres of corn that is contemplating the contraction of a 5-acre corn maze. A partial budget reflects only the income and expense differences directly due to the corn maze (design and maintenance costs, added insurance and labor, and ticket revenues).

To develop the partial budgeting framework:

- Define the potential enterprise change
- List the added returns
- List the reduced costs
- List the reduced returns
- List the added costs
- Summarize the net effects

Carefully think through potential new or expanded budget expenses such as:

- | | |
|--|-------------------------|
| ■ Buildings (new construction or improvements) | ■ Land |
| ■ Increased utilities costs | ■ Taxes |
| ■ Fencing | ■ Signage |
| ■ Legal/accounting costs | ■ ADA compliance |
| ■ New equipment | ■ Restroom facilities |
| ■ Permits | ■ Hand-washing stations |
| | ■ Marketing |

Potential income sources for agritourism:

- | | |
|--|---------------------------------------|
| ■ Admission fee | ■ Activity fee |
| ■ Tour fee | ■ Tasting fee |
| ■ Sales of fresh farm products | ■ Facility rental |
| ■ Sales of processed or value-added products | ■ Show fee (e.g., equine competition) |
| ■ Craft/souvenir sales | ■ Farm lodging |
| | ■ Food service |

Pricing

It is critical to set an appropriate price point for each product or service. Your time is a limited resource and must be valued at an appropriate price. There are several tools to help you. One of the most useful is a break-even analysis.

BREAK-EVEN ANALYSIS

A break-even analysis can help you determine either the minimum number of product units you need to sell to break even, or the minimum price you need to set for each unit to break even. Both formulas are based on two variables: your fixed costs and your variable costs.

“Sound financial analysis is no longer an option, but a necessity for survival.”

— Rod Sharp, Colorado State University

“A person involved in any other line of business would think it ludicrous that many farmers don’t keep track of where the money comes from and where it goes. Every year, farmers may handle large sums of money — \$50,000, \$100,000, \$200,000 or more — yet only have \$20,000 net income in a good year, and break even or even lose money in a bad year. And that’s with working your tail off! Why? Do you think the auto parts store or shoe store runs a business without knowing the numbers?”

— Richard Wiswall, Cate Farm
East Montpelier, VT
The Organic Farmer’s Business Handbook

Sample Break-Even POINT Analysis

Your Question: How many workshops do you need to offer at a given ticket price to break even?

Start with what you know:

- You will need to fix the parking area, purchase a table, and add lighting to your barn, so **your fixed costs will be \$1,500.**
- Each unit (workshop) will cost about \$60 in labor to organize, and \$18 in refreshments for your guests. **Your variable costs per unit is \$78.**
- The going rate for comparable workshops is \$25/person, and you're confident you can get at least 8 registrants, so **your unit price is \$200.**

Break-Even POINT Formula:

$$\text{Total Fixed Costs} / (\text{Unit Price} - \text{Variable Costs}) = \text{Break-Even Point}$$

$$\$1,500 / (\$200 - \$78) = 12.29.$$

So, with 8 registrants per workshop at your \$25 ticket price, you will have to offer over 12 workshops in order to break even. That's one per month!

Sample Break-Even PRICE Analysis

Your Question: How much money do you need to bring in at each workshop (unit) in order to break even?

Start with what you know:

- Based on previous example, **your fixed costs will be \$1,500.**
- Based on previous example, **your variable costs per unit is \$78.**
- You know that you have capacity to organize no more than 5 workshops per year, so **you have 5 units (workshops).**

Break-Even PRICE Formula:

$$\text{Total Fixed Costs} / \text{Number of Units to be Sold} + \text{Variable Costs} = \text{Break-Even Price}$$

$$(\$1,500 / 5) + \$78 = \$378$$

Based on this unit price and your expected enrollment, you can now determine your break-even ticket price. You think you can attract 12 registrants, so your ticket price per person should be no less than $\$378 / 12 = \31.50 .

Fixed Costs (FC) do not vary with the number of guests entertained or units of a product sold.

EXAMPLES: *construction/repairs; taxes and insurance; marketing; depreciation*

Variable Costs (VC) will vary with the number of guests or units of a product sold.

EXAMPLES: *employee wages; fuel; cost of food*

ADDITIONAL PRICING CONSIDERATIONS

Perceived Buyer Value: You identify the segment of the market that will value your product or service most. This will require research (e.g., survey potential/current users; follow-up with current customers).

Type of Buyer: You may have various prices, options, and bundles depending on the group of buyers to whom you are marketing (e.g., frequent customers, bulk orders).

Price as Indicator of Quality: Based on competitors and/or the uniqueness of your product(s), you charge more based on price = quality and higher price = higher quality.

Know your intended customers and what influences them. Be realistic about who you *want* to attract and who you *can* attract.

For more on break-even analysis, see "How to Develop A Farm Tour" chapter in this series.

Be sure to price high enough to cover costs and make a profit!
Evaluate your prices often and make adjustments as needed!

PRICING STRATEGIES FOR NEW PRODUCTS/SERVICES

Skimming: You charge a high price for a new product or service. As competitors enter the market, you lower the price to reach more buyers. This strategy works best when your customers are early adopters or less sensitive to price.

Penetration Pricing: The opposite of skimming. You charge a low price initially to penetrate the market quickly. As you gain market share, you increase the price. This strategy works best when your customers are more sensitive to price.

Keeping Good Records

Records allow producers to:

- Analyze progress
- Identify areas of good (poor) performance
- Plan for the future
- Demonstrate ability to lenders

Records do not have to be detailed or complex to be useful. It is suggested that you keep and review the following records on a regular basis: balance sheet, income statement, cash-flow statement, and budget.

Knowing When to Quit

An essential part of a good financial plan is knowing when to quit and having an exit strategy that specifies situations in which the business or parts of the business would close.

The economic viability or desirability of certain farm activities will change over time, and parts of the business may become less profitable; sometimes even a good idea simply runs its course. A successful agritourism business will adapt and be responsive to evolving market opportunities.

Financing

Not surprisingly, when farmers are asked what the largest hurdle is to starting or expanding their agritourism businesses, they say financing. This answer is borne out in numerous recent surveys in Vermont and nationwide. Yet, as many Vermont farmers have experienced, it is possible to attract public and private investments, apart from obtaining a loan from your local bank.

LOANS AND GRANTS

- [Yankee Farm Credit](#) offers a range of products and services, including loans.
- [U.S. Department of Agriculture Rural Development](#) in Vermont assists farmers through direct or guaranteed loans, grants, technical assistance, research, and educational materials.
- Vermont SBA (part of the U.S. Small Business Administration) offers a number of services and financing to help farmers with agritourism businesses. [Download their resource guide.](#)

“If you don’t have some customers thinking you charge too much, then you aren’t charging enough!”

— Dawn Thilmany McFadden
Colorado State University

Bread and Butter Farm, Shelburne, VT.





Savor the Islands Dinner at Blue Heron Farm, Grand Isle, VT.

- [Vermont Community Loan Fund's Agritourism Loan Program](#) is a revolving loan fund that offers access to financing of up to \$50,000 at low interest rates. The program focuses on supporting new or existing agricultural enterprises by providing low-cost capital for agritourism-related projects that help loan recipients to enhance and diversify their revenue streams.
- Northeast Organic Farming Association of Vermont's (NOFA-VT) [Vermont Revolving Loan Fund](#) was jointly established in 1994 by NOFA-VT and Chittenden Bank's Socially Responsible Banking Fund (formerly Vermont National Bank). NOFA-VT manages the \$90,000 fund. The motivation to create the fund arose as NOFA-VT received an increasing number of loan requests from small-scale organic farmers who needed short-term working capital but who lacked credit history and therefore could not secure conventional loans.
- [Vermont Economic Development Authority's VACC program](#) is a nonprofit corporation that provides credit to Vermont farmers, agricultural facilities, and forestry and forest product-based businesses. VACC and VEDA work with these businesses on everything from startup to expansion to making energy-efficiency improvements. VACC helps these businesses secure the financing to start a business, strengthen existing operations, diversify, and market and process Vermont agricultural and forestry products.
- [Working Lands Enterprise Initiative](#) gives grants and loans through the state of Vermont.
- Crowdfunding websites like [Kickstarter](#), [Crowdrise](#), [IndieGoGo](#), and [PROfounders](#) have given financial assistance to some agritourism entrepreneurs. Check regulations before crowdfunding to understand the true costs associated with this approach. University of Vermont Extension has a helpful [crowdfunding fact sheet](#) for farmers, available online. If you're lucky enough to find an angel investor, that is yet another option!
- The Carrot Project has compiled a [comprehensive listing of financing resources for small and mid-sized farms](#). It includes finance information for state and federal government agencies, farmer-owned lending cooperatives, banks, and other institutions.

ADDITIONAL FINANCIAL ADVICE

- [Vermont Small Business Development Center](#) (VtSBDC) offers one-on-one consultations with advisors who have backgrounds in agri-business.
- [Vermont Farm and Forest Viability Program](#) offers one-on-one, in-depth business planning, technical assistance, and management coaching to Vermont farm, food, and forestry enterprises.
- [University of Vermont Extension Farm Viability Program](#) offers one-on-one farm business management assistance that meets the needs of all farmers.

Taxes, Permits, and Regulations for Agritourism Businesses

Agritourism is affected by licenses, permits, and regulations defined by elected officials at all levels of government, including members of local select boards, state legislatures, and U.S. Congress. It is important to investigate all regulations applicable to your agritourism enterprise in order to avoid penalties, fines, or interruptions to your business. Requirements also may change from time to time, so it is wise to contact your town clerk or administrator and the Vermont Department of Taxes for the latest information and requirements.

This section introduces a number of business regulations that may impact agritourism operations. These regulations fall into three categories:

General Regulations: regulations that likely impact a majority of agritourism enterprises

Employment Regulations: regulations that impact enterprises employing workers

Permits and Licenses for Specific Attractions: regulations specific to certain types of attractions

Tax & Regulation Checklist

General Regulations

- Business registration
- Business taxation
- Sales tax: meals and rooms
- Sales and use taxes
- American with Disabilities Act

Employment Regulations

- Fair Labor Standards
- Child labor laws
- Federal Insurance Contributions Act (FICA)
- Unemployment insurance taxes
- Vermont Fair Employment
- Occupational Safety and Health Act (OSHA)
- Vermont Occupational Safety and Health Administration
- Workers' Compensation Insurance
- Vermont Family and Medical Leave

Permits and Licenses

- Product/equipment registration
- Label/packaging information
- Milk/dairy registration and licensing
- Meat/poultry inspection
- Commercial catering
- Liquor license
- Food processing

GENERAL REGULATIONS

Business Registration

Any vendor selling non-food items (exceptions are vegetable plants, herbs, edible flowers, etc.) must obtain a Vermont business tax number. Contact the [Vermont Department of Taxes](#).

If you have a trade name or family name that you would like to use for your agritourism business, you should register the name with the [Vermont Secretary of State's Office](#).

Business Taxation

There are three categories of business taxation in Vermont:

- Pass-through entities
- The double-taxation entity
- Disregarded entities

Farmers should have a clear understanding of the tax treatment of the business at every stage of the business — from formation to liquidation. If possible, consult a tax professional.



A group visits a drying garlic crop in a Rutland County barn.

Sales Tax: Meals and Rooms

Food is exempted from state sales tax. However, [Vermont Meals and Rooms Tax](#) must be charged on individual servings of food. So at a farmers' market, no tax would be charged on a whole pie, but one or more *pieces* of pie would be subject to the 9% Vermont Meals and Rooms Tax, depending on the situation.

Vermont Sales and Use Tax

The state of Vermont imposes sales and use taxes; certain municipalities impose local sales taxes. Your enterprise may be responsible for sales and use taxes depending on the types of activities and services, but generally not for food.

The general sales tax rate (6%) is imposed on the buyer on the purchase price of tangible personal property and some amusement charges. The buyer pays the Use Tax (also 6%) when the sellers fail to collect the sales tax or the items are purchased from a source where no tax is collected. You may, however, benefit from sales tax exemptions for the sale of farm products grown or produced on your farm. Exemptions are enumerated in 32 V.S.A. § 9741: Sales Not Covered.

Americans with Disabilities Act (ADA)

All businesses are required to comply with the [Americans with Disabilities Act](#). The ADA ensures equal opportunity in employment as well as accommodation in public places, commercial facilities, and transportation for persons with disabilities.

EMPLOYMENT REGULATIONS

If you employ personnel for your agritourism enterprise, you will be affected by a number of employment regulations. These employment regulations vary according to the type and size of your enterprise, the nature of an employee's job, and the number of employees you employ.

Fair Labor Standards Act (FLSA)

The FLSA establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full- and part-time workers. It applies to all agricultural employers. Any farm employee who performs non-agricultural work and works overtime in any given week must be paid for that overtime. See [Wages and the Fair Labor Standards Act](#) (FLSA) or [A Summary of Vermont Wage and Hour Laws](#).

For example, the Child Labor Act (part of FLSA) prohibits the employment of minors in certain occupations and, in particular, working conditions that may be hazardous. In Vermont, minors are allowed to work on farms, but some activities are prohibited. Parental permission may be required. See U.S. Department of Labor's [Federal Youth Employment Laws in Farm Jobs](#) (Fact Sheet #40) or Vermont Department of Labor's [Child Labor Poster](#).

Federal Insurance Contributions Act (FICA)

FICA includes rules for the Internal Revenue Service for withholding Social Security, Medicare, and federal income taxes and the employer's share on FICA. These IRS rules apply to agricultural employers who pay cash wages of at least \$150 to an individual or a total of \$2,500 in annual cash wages. See [IRS Federal Income Tax Withholding](#).

“Diversified farms, if they need workers to do a variety of jobs, can run afoul of federal labor rules because when work is not defined as ‘primary or secondary agricultural work,’ it can trigger expensive payroll changes like requiring payment of overtime wages for more than 40 hours of work a week.”

— Kate Robinson
VT Digger, April 2014

Unemployment insurance taxes

These offer benefits to unemployed workers who have lost their jobs through no fault of their own. All agricultural employers are required by the federal Internal Revenue Code to deduct and withhold taxes on wages paid to their employees. You may need to use either the tax guide for agricultural employers or the tax guide for small business entrepreneurs, depending on whether your employees are involved with the agricultural activities or other activities of your operation. It may be important to contact your personal accountant for more information on these taxes. See [IRS Federal Unemployment Tax](#) and [Vermont Department of Labor's Unemployment Insurance](#).

Vermont Fair Employment Act (VFEA)

VFEA prohibits discrimination on the basis of race, color, religion, ancestry, national origin, sex, sexual orientation, place of birth, and age, and against a qualified individual with a disability. It mandates equal pay for equal work and prohibits sexual harassment in the work place. It applies to all agricultural employees.

The Immigration and Control Act

This act prohibits employers from discriminating on the basis of national origin in hiring, firing, and recruiting workers. The law applies to agricultural employers with four or more employees and applies to all agricultural employees.

Occupational Safety and Health Administration (OSHA)

OSHA works to ensure a safe and healthy workplace for all citizens, regardless of age. All employers are covered by the provisions of federal and state OSHA regulations. If you employ 11 or more employees, you must maintain records in accordance with OSHA rules (see [U.S. Occupational Safety and Health Act](#)). OSHA requires the employer to:

- Provide a safe working environment
- Inform employees of safety regulations
- Warn employees of existing hazards
- Supervise employee activities
- Supply and maintain necessary equipment inherent in the workplace

Vermont Occupational Safety and Health Administration

[Vermont Occupational Safety and Health Administration](#) rules on field sanitation standards require potable water, toilets, and hand-washing facilities for field laborers, and compliance with OSHA standards for roll-over protective structures, slow-moving vehicles, equipment guards, storage and handling of anhydrous ammonia, logging operations, and several other areas of safety concern on farms. Agricultural employers who employed more than 10 workers at any one time in the previous 12 months are required to abide by VOSHA rules.

Workers' Compensation Insurance

If you have five or more full- or part-time employees, you are required to obtain [workers' compensation insurance](#) for your employees. This insurance protects a business from lawsuits filed by an injured employee and provides insurance benefits to employees injured while on the job. Family members who work for your enterprise are considered employees. Businesses are responsible for obtaining coverage from a licensed insurance carrier. Rules apply to agricultural employers with an aggregate payroll of \$10,000 in a calendar year.



Annual Strawberry Festival at Cedar Circle Farm, East Thetford, VT.

Vermont Family and Medical Leave Act

Parental leave provisions under the [Vermont Family and Medical Leave Act](#) require up to 12 weeks of unpaid leave for employees who have been employed for a period of one year for an average of 30 hours per week. This law applies to agricultural employers with 15 or more employees who work for an average of at least 30 hours per week during a year.

Family leave provisions under the Vermont Family and Medical Leave Act require up to 12 weeks of unpaid leave for employees who have been employed for a period of one year for an average of 30 hours per week. This law applies to agricultural employers with 15 or more employees who work for an average of at least 30 hours per week during a year.



Champlain Orchards' Farm Stand,
Shoreham, VT

Permits and Licenses

To ensure quality and public safety, licenses, permits, and registrations are required for some products and equipment used in retail farm sales, such as refrigerators, freezers, and scales. Commercial catering and liquor licenses may also apply to some agritourism enterprises. In addition, there are state regulations for label and package information, milk and dairy registration/licensing, and meat and poultry inspection. Some of these requirements apply to all food businesses, and some are specific to particular food products. There are even regulations for specific farm-related activities, such as farmers' markets.

Food processing, which the U.S. Food and Drug Administration (FDA) defines as *“any food other than a raw agricultural commodity and includes any raw agricultural commodity that has been subject to processing, such as canning, cooking, freezing, dehydration, or milling,”* is also subject to a number of regulations and inspections. Both federal and state agencies have a role in monitoring food processing operations:

- [Vermont Agency of Agriculture Food and Markets](#): dairy, some meat, poultry
- [Vermont Department of Health \(VDH\), Food and Lodging Program](#): jams, jellies and baked goods
- [U.S. Department of Agriculture \(USDA\) Food Safety and Inspection Service](#): meat and poultry
- [U.S. Bureau of Alcohol, Tobacco and Firearms](#): beer, wine, hard cider
- [U.S. Food and Drug Administration Guidance, Compliance and Regulatory Information](#): low-acid canned food, shell eggs, juice

There are a number of resources to help you determine which regulations apply to agritourism activities. Here are a few:

- [Vermont Specialty Food Manual](#)
- [Food Safety Requirements for Vermont Food Processors](#), University of Vermont Extension, November 2011 (fact sheet)
- [Guide to Health Department Rules Regulating Food and Lodging Establishments](#), a comprehensive list of Vermont requirements

Health Considerations

A number of health-related laws and regulations aim to protect both individuals and the environment. Waste-disposal and food-preparation and safety regulations are often especially important. Licenses and permits are generally required, depending on the type of food and processing method and where you are selling it. In simple terms, if you are selling food products in Vermont, you need to meet state regulations. If you are selling products outside of Vermont, you must meet state and federal requirements. Your local University of Vermont Extension Office is a good place to start to understand these requirements.

- [Food Safety Requirements for Vermont Food Processors](#)
- [University of Vermont Extension Offices Listing](#)

State Regulations for Farmers' Market Vendors

Vermont Department of Agriculture, Food & Markets

116 State Street, Drawer 20, Montpelier, VT 05620-2901
www.state.vt.us/agric

Dairy Products: Any vendor interested in selling dairy products (milk, cheese, butter, goat's milk cheese, etc.) must meet labeling and requirements and be licensed through the Vermont Department of Agriculture, Food & Markets. *Contact the Dairy Division at (802) 828-2433.*

Meat products: Any vendor interested in selling meat products must be licensed through the Vermont Department of Agriculture, Food & Markets (exceptions are game birds, rabbits, and venison). *Contact the Meat Inspection Section at (802) 828-2426.*

Eggs: Any vendor selling eggs at a farmers' market must comply with labeling regulations and grading requirements. *Contact the Consumer Assurance Section at (802) 828-2436.*

Scale Certification: Any vendor selling products across a scale must have a scale that is legal for trade and certified by the Dept. of Agriculture. *Contact the Consumer Assurance Division at (802) 828-2436.*

Labeled Products: Any vendor selling a packaged product (including preserves, pickles, baked goods, etc.) must comply with the Vermont State Packaging and Labeling Law. *Contact the Consumer Assurance Section at (802) 828-2436.*

Promotion and Promotional Materials: Any vendor interested in obtaining marketing assistance or promotional materials, or interested in the Vermont Seal of Quality program, should contact the Agricultural Development Division at (802) 828-2416.

Vermont Department of Health

P.O. Box 70, 108 Cherry St., Burlington, VT 05402
Contact: Food and Lodging Program, (800) 439-8550
healthvermont.gov

Baked Goods: Any vendor at a farmers' market who is baking more than 20 hours a week for the purpose of selling product must be licensed through the Department of Health.

Prepared Foods: Any vendor at a farmers' market preparing food onsite for sale must obtain a fair stand license or commercial caterer's license.

Vendors Selling to Restaurants: A vendor selling any product to restaurants must be licensed by the Department of Health.

Vermont Department of Taxes

109 State St., Montpelier, VT 05609-1401
 Contact: (802) 828-2551 www.state.vt.us/tax/

Business Tax Number: Any vendor selling non-food items (exceptions: vegetable plants, herbs, edible flowers, etc.) must obtain a Vermont business tax number.

Rooms and Meals Tax: Any vendor selling a prepared food should contact the Vermont Department of Taxes.

Secretary of State's Office

Redstone Building, 26 Terrace Street, Drawer 09, Montpelier, VT 05609-1101 www.sec.state.vt.us/

Trade name: Any vendor interested in registering their company trade name should contact the Secretary of State at (802) 828-2366.

REFERENCES: "What Is a Business Plan?" from "Agritourism in Focus: A Guide for Tennessee Farmers," University of Tennessee Extension, Center for Profitable Agriculture. "Choice of Business Entities" and "General Regulations" from "A Legal Guide to the Business of Farming in Vermont," University of Vermont Extension and Annette Higby Esq., 2006. "Budgeting" from Roth and J.A. Hyde. "Partial Budgeting for Agricultural Businesses," G.W. Penn State Agricultural Research and Cooperative Extension, 2002.

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Also in this series

Best Practices in...

- Assessing Your Farm for Agritourism
- Land Use and Zoning for Agritourism
- Offering High-Quality On-Farm Experiences
- Safety and Risk Management
- Marketing

How To...

- Host Dinners on Your Farm
- Host Summer Camp on Your Farm
- Host Weddings on Your Farm
- Develop a Farm Stand
- Develop a Farm Stay
- Develop a Pick-Your-Own Business
- Develop a Tour on Your Farm

Download at www.uvm.edu/vtagritourism

This brief introduction to business and financial planning and the taxes and regulations that could affect your agritourism enterprise is intended to help you identify the issues that need to be included in your farm's business plan, and to help you become a better informed consumer of legal, financial, or farm viability services.

The regulations that are relevant to you will vary greatly depending upon the type, location, and details of your enterprise. This document is not a complete listing of all such regulations and is not intended as legal advice. It is very important that you take the time to investigate applicable laws and regulations in order to avoid penalties, fines, or obstacles that could interrupt your business.

Resources

Due to the variability of taxes and regulations, it is important to check with local, state, and federal governments, and other organizations to identify which regulations may apply to your agritourism business. Useful agencies include:

- [Vermont Department of Taxes](#), (802) 828-2505
- [Vermont Agency of Agriculture, Food and Markets](#), (802) 828-2416
- [U.S. Department of Agriculture](#)
- [University of Vermont Extension Offices](#)
- [Vermont Agency of Commerce and Community Development](#)
- [Vermont Department of Tourism and Marketing](#), 800-VERMONT, (802) 828-3237
- [Vermont Chamber of Commerce](#), (802) 223-3443
- [Vermont Secretary of State](#), (802) 828-2363
- [Vermont Department of Health](#), (802) 464-4343
- [Vermont Town Health Officers](#)

Additional Resource:

Minnesota Institute for Sustainable Agriculture. [Building a Sustainable Business](#): A Guide to Developing a Business Plan for Farms and Rural Businesses. Sustainable Agriculture Research and Education (SARE), College Park, MD, 2013.