

New Farm Business Planning for Farm Determinations

Background

Business plans are formal documents that detail strategies for achieving business goals and guide the decisions business owners make for the establishment and operation of a business.

A well-written business plan contributes significantly to the viability of a business. For established farms, business plans can help highlight strengths, challenges, and opportunities for farms, and can steer activities in new directions. For new farmers, business plans can map out the development of farms, provide a timeline towards viability, and enable farmers to request that the Agency of Agriculture, Food and Markets determine a farm's status prior to the start of operations.

The reasons to seek a determination may include:

- a Municipal Zoning Administrator request,
- seeking permit exemptions for the construction of farm structures,
- planned establishment of an Accessory On-Farm Business, and
- conducting agricultural activities in an area not currently zoned for agriculture.

This document is intended to help new farms develop successful business plans that meet the determination requirement criteria of Section 3.1(g) of the Required Agricultural Practices (RAPs).

The Vermont Agency of Agriculture, Food & Markets (VAAFMM) has been granted regulatory authority over farm operations determined to fulfill at least one of the thresholds in Section 3.1 of the Required Agricultural Practices (RAPs) Rule, listed below:

- a. Has produced an annual gross income from the sale of principally produced agricultural products of \$2,000.00 or more in an average year; or
- b. Is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale on a farm that is no less than 4.0 contiguous acres in size; or is raising, feeding, or managing adult livestock on a farm that is no less than 4.0 contiguous acres in size; or
- c. 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; or
- d. Is raising, feeding, or managing other livestock types, combinations, and numbers, or managing crops or engaging in other agricultural practices on 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; or
- e. Has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.

Pursuant to Section 3.1(g) above, Farm Business Plans may be developed and submitted to attain a Farm Operation Determination from VAAFMM.

Business Plan Checklist

Below is a checklist of items that are required to be included in a Farm Business Plan for Farm Determination review:

1. Farm Operation Description

- the farm operation's physical address,
- number of acres owned and/or rented,
- ownership structure, for example sole proprietor or LLC,
- management structure, including employees,
- mission statement describing overall what your business goals are,
- description of primary buildings and condition of these buildings,
- description of production units (ex. 120 milk cows, 2 acres vegetables),
- description of any proposed farm structures,
- site plans and maps of farming operation.

2. Products and Markets Description

- each product sold and the planned price for each product,
- descriptions and narratives for each product type,
- market analysis for planned products and services,
- nearby farms, restaurants, retailers and value-added producers offering similar or related products and services,
- any current or planned promotion efforts,
- growth potential and future distribution plans, and
- any plans for establishing an Accessory On-Farm Business, if applicable.

3. Income Statement

- projected Farm Business Income Statement for the sale of farm products,
- projected expenditures and total calculated losses from equipment, structures and inputs,
- projected profit or cash flow projection for combined income and losses, with explanatory narrative for agricultural products to be sold,
- projected debt financing, including interest, if applicable.

Business plans and income statements can be in two separate documents, submitted at the same time. In fact, we recommend that income statements, including cash flow projections, be on a worksheet such as Excel so farmers can easily use the income statement as their business becomes established and changes over time.

All Farm Business Plans **MUST** demonstrate that the farm will meet one of the other threshold criteria in Section 3.1 of the RAPs once the farm is fully in operation.

Submission and Other Information

All business plans should be submitted as appendices to the Farm Determination request form alongside any additional documents such as financial worksheets, site plans, maps, and letters to Zoning Administrators.

There are numerous ways to compose a Business Plan, with different analysis tools and financial analysis tools to use in making your plan more viable. The above components are what the Water Quality Division requires in a business plan, though more detail serves to better ensure approval and viability.

The Water Quality Division plans site visits for farms that submit Business Plans to check in on their operation, to create a dialogue around potential support for issues that arise in establishing a farm enterprise, and to direct farmers to resources that may help the farm reach its goals as an operation and as a business.

Should VAAFM determine that the information provided at the time of the Farm Determination is no longer applicable, then the Farm Operation may be determined to no longer fall under VAAFM jurisdiction. At that point in time the farm would fall under Municipal jurisdiction, causing all structures and operations conducted under agricultural designation to be required to retroactively comply with any applicable town bylaw requirements.

Business plans are sensitive documents containing confidential information, such as projected income statements, and information a farmer may want to keep confidential such as trade secrets and marketing strategies.

VAAFM, as a public instrumentality, is subject to the Vermont Open Records Law, 1 VSA § 317. The statute contains specific exemptions for tax-related information of persons, personal financial information of an individual, and trade secrets. Therefore, the information submitted by farm operators to VAAFM that falls under these protected criteria will be held as a confidential file and will not be available for public inspection under the Open Records Law.

Business Planning Resources

For further resources on business planning, including templates, examples and business planners, visit our [New and Beginning Farmer Resources page](#).

For direct questions on Business Planning or the Farm Determination process, please contact:

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