



VERMONT LEGISLATIVE
Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

Fiscal Note

May 14, 2026

Ezra Holben, Fiscal Analyst and Ted Barnett, Senior Fiscal Analyst

H.942 – An act relating to miscellaneous agricultural subjects

As recommended by the Senate Committee on Agriculture, Draft 5.1^{1,2}

Bill Summary

This bill would make various changes to agricultural provisions and regulations, including adding land used for “equine farming” to the definition of “agricultural land” for the Use Value Appraisal Program (Current Use) and expanding the sales and use tax exemption for forestry equipment.

Fiscal Impact

Two sections of this bill are estimated to have a fiscal impact. First, this bill would expand what qualifies as “agricultural land” and “farming” for enrollment in Current Use. Broadening these definitions would increase the number of properties that could enroll.

Data on individuals who participate in a non-regulated industry, such as equine farming, is limited. Due to this, and the unpredictability of individual behavior, the Joint Fiscal Office (JFO) can only estimate a range of the potential fiscal impact of this change. JFO estimates the overall fiscal impact in fiscal year 2028 would be between \$4.6 and \$10 million; within this range, \$1.3-\$2.8 million would be estimated in increased General Fund uses, and approximately \$3.3-\$7.2 million would be estimated in reduced education property tax revenue to the Education Fund. All else equal, a reduction in education fund revenue would mean the statewide homestead yield and/or nonhomestead property tax rates would need to be increased to cover the difference.

Table 1 on the following page illustrates the estimated range of the fiscal impact of this provision.

Second, this bill would extend the sales tax exemption for machinery in forestry-related operations to include “semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with gross vehicle weight of 10,000 pounds or more” starting in fiscal year 2027. These vehicles would still be subject to the purchase and use tax, so the exemption would largely apply to repair parts. Data on the current magnitude of these purchases are not available, so the fiscal impact of this change cannot be estimated. Absent any other changes in policy, the statewide homestead property yield and/or nonhomestead property tax rates would need to be adjusted to account for the forgone revenue.

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.

² 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.

*Table 1: Estimated Range Fiscal Impact of Section 4 of H.942 in Fiscal Year 2028
(using tax year 2026 data)*

	Education Fund		General Fund		Aggregated Impact	
	Low End Estimate	High End Estimate	Low End Estimate	High End Estimate	Low End Estimate	High End Estimate
Expansion of Current Use Eligibility (Section 4)	\$3,300,000	\$7,200,000	\$1,300,000	\$2,800,000	\$4,600,000	\$10,000,000
Totals	\$3,300,000	\$7,200,000	\$1,300,000	\$2,800,000	\$4,600,000	\$10,000,000

Background and Details

Section 4: Equine Farming in Current Use

Section 4 would amend the definition of “agricultural land” for enrollment in Current Use to include land used for “equine farming”. Parcels would be eligible to be enrolled in Current Use for equine farming if at least one of the following provisions applies:

1. An individual earned, in one of two (or three of five) of the prior calendar years:
 - a. at least \$2,000 in gross income from equine farming on parcels with fewer than 25 acres; and
 - b. an additional \$75 (per acre) for each acre over 25, up to \$5,000 from equine farming.
2. The parcel is owned or leased by an equine farmer.
 - a. Section 4 would amend Current Use’s definition of “farmer” to include an individual who earns at least one-half of their income from equine farming. Equine farming requires an individual to own or board at least 4 equines.

Parcels enrolled in Current Use are valued based on the use value of the enrolled acres. Use values are set annually and reduce a property’s fair market value for tax assessment. In fiscal year 2026, the use value of agricultural land is \$537 per acre.³ Additionally, enrolled farm buildings are assessed at 0% of fair market value. Due to adjusted values, properties enrolled in Current Use experience education and municipal property tax savings. However, these savings lead to reduced revenues for the State and municipalities.

Education Fund Impact

Vermont’s education system is funded by the statewide Education Fund. After accounting for non-property taxes and one-time funds, property taxes are set by the General Assembly annually to fully fund the Education Fund. All else equal, reducing the taxable value of parcels enrolled in Current Use reduces the education property taxes raised and in turn necessitates that homestead and/or nonhomestead property tax rates must be increased statewide to make up the forgone revenue.

This bill would increase the number of parcels eligible for enrollment in Current Use, which would result in an increase in forgone revenue from Current Use. JFO estimates that this section would reduce property tax revenue to the Education Fund by between \$3.3 and \$7.2 million in fiscal year 2028. This range is based on estimated fiscal year 2026 property values, tax rates, and estimated participating properties.

General Fund Impact

Reducing the taxable value of parcels enrolled in Current Use reduces the municipal taxes raised. Under Current Use, there is “hold-harmless” language for municipalities. To hold municipalities harmless, the State provides municipalities with a General Fund payment equal to the lost municipal property taxes.

JFO estimates that, depending on uptake, this bill would increase the hold-harmless payment by approximately \$1.3 to \$2.8 million in fiscal year 2028. This is based on fiscal year 2026 estimated property values, tax rates, and estimated participating properties. Additionally, the Department of Taxes would need to update Current Use attestation forms, which is estimated to cost up to \$10,000.

³ Per the Current Use Advisory Board: <https://tax.vermont.gov/property/current-use>

Section 6: Sales and Use Tax Exemption

This section proposes to expand the sales and use tax exemption granted to vehicles used in specific forestry-related operations to include “semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with gross vehicle weight of 10,000 pounds or more” starting in fiscal year 2027. This section would also exempt the repair parts for any of the above vehicles or machines used in specific forestry-related operations from the sales and use tax. Additionally, the Department of Taxes may require a purchaser to certify that a motor vehicle or other equipment is exempt under this section.

JFO cannot estimate the potential revenue lost from this proposed exemption. JFO expects that most of the revenue loss will come from the exemption of repair parts. This exemption would be granted to all qualifying vehicles, regardless of age or condition, in perpetuity. Vehicle maintenance and repair part purchases are highly variable and depend on factors such as vehicle type, usage, age, driving conditions, workload, and individual choice. Additionally, there is a lack of data on forestry vehicles – especially for data related to repair and maintenance costs over the life of a vehicle – and no available data on sales of parts and repairs that are specific to forestry equipment.

Given the scope of this exemption, the numerous unpredictable factors, and the lack of data, JFO can only state that this section will have a negative impact to sales tax revenues. Absent any other changes in policy, the statewide homestead property yield and/or nonhomestead property tax rates would need to be adjusted to account for the forgone revenue to the Education Fund.