VERMONT LEGISLATIVE
Joint Fiscal Office
1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • https://ljfo.vermont.gov

Fiscal Note

May 18, 2026 Ted Barnett, Senior Fiscal Analyst

S.323 – An act relating to miscellaneous agricultural subjects

As recommended by the House Committee on Ways and Means[1,i]

Bill Summary

The bill would make numerous changes to various provisions and programs regulating agriculture and farmers, including:

- *Sections 3-4:* Repeals the pest control compact, which is no longer operational, and extends the Agency of Agriculture, Food and Markets (AAFM) examination fee for pesticide dealer licenses and applicator certifications to all examinations;
- *Sections 15-20:* Transitions oversight of the hemp market from the AAFM to the Cannabis Control Board (CCB);
- *Section 22:* Creates the Concentrated Animal Feeding Operations (CAFO) Permit Program Working Group; and
- *Sections 23-24:* Requires the Agency of Natural Resources (ANR) to contract with a consultant to help with inspection of CAFOs. This work would be contingent on an appropriation of funds from the General Fund to ANR.

Fiscal Impact

Section	Provision	Impact	Fund
Section 4	Pesticide examination fee changes	Minimal positive	AAFM – Pesticide Monitoring Special Fund
Section 16	Fee for hemp producers, processors, and products	Minimal increase in annual revenues	Cannabis Regulation Fund

Section 20 of the bill would create a fine of up to $5,000 for selling unregistered hemp or cannabis, and adds that the Attorney General could impose a civil penalty of up to $5,000 and recover the costs of investigation, expert witness fees, the action, and reasonable attorney's fees. JFO does not forecast the fiscal impact of changes to or creation of fines and penalties.

Contingent on a fiscal year 2027 appropriation from the General Fund to ANR, Section 23 of the bill would require ANR to contract with a third-party contractor on or before March 1, 2027 to assist ANR and AAFM

[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.*

to assist with developing standards for CAFO permits and training inspectors.

Background and Details

The following sections have a fiscal impact.

Section 4: Pesticide Applicators

Under current law, pesticide applicators pay a $25 fee for second and third examinations if they need to retake the exam. This section would extend the fee to the first examination and allow the test to be taken as many times as needed. Testimony from AAFM indicated that attendance at initial examinations is low and the fee may encourage registered participants to attend the examination the first time. This section is expected to increase revenues to the AAFM Pesticide Monitoring Special Fund by a minimal amount.

Sections 15-20: Transition of Hemp Oversight

Until December 31, 2022, AAFM regulated hemp producers and charged a fee structure found in 6 V.S.A. § 570 based on the amount of acreage cultivated. Starting in 2023, AAFM ended hemp regulation and required hemp producers to register with the USDA in accordance with federal law. Section 16 would place hemp regulation under the purview of the Cannabis Control Board (CCB) and require producers ($50), processors ($500), and products ($75) to pay an annual license fee.

Low risk and shelf-stable products could receive longer duration registrations, prorated at the same cost per year. These license fees could be waived or reduced for craft processors applicants pursuant to rulemaking authority that would be granted to the Cannabis Control Board through January 1, 2028. Section 16a would require the Cannabis Control Board to submit a report on hemp fees collected as proposed in the bill and a recommendation for how the schedule may be adjusted to better support small-business hemp producers and processors.

The federal fiscal year 2026 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act specified that any hemp product with more than 0.4mg of THC per package would be treated the same as cannabis as the federal level and interstate commerce would not be allowed. Accordingly, the estimated revenue from this provision is based on a relatively limited number of Vermont hemp products. If interstate commerce of hemp is allowed at the federal level, thousands of products from other states would be licensed to be sold in Vermont and would increase estimates to approximately $90,000 in annual revenue to the Cannabis Regulation Fund.

Revenue from the proposed fine in Section 20 would flow to the General Fund, minus a $12.50 administrative fee for the Court Technology Special Fund. Revenue from the proposed civil penalty would flow to the Cannabis Regulation Fund. JFO does not forecast the revenue that could be generated by the fine and civil penalty that would be created by the bill.

Funds from recoveries by the Attorney General are used to support the budget of the Attorney General's Office, to replenish the Complex Litigation Special Fund, and are typically distributed to the General Fund through a direct app in the State's annual budget (generally about $2 million). In fiscal year 2025, the AG-Fees & Reimbursements – Court Order Special Fund received about $2.8 million, of which approximately $1.7 million supported the AG's spending authority, and $77,228 replenished the Complex Litigation Special Fund. As recommended by the House, H.951 (the Fiscal Year 2027 Appropriations Act) included a direct app of $2 million from the AG Fees Special Fund to the General Fund in fiscal year 2027.

Section 22: Concentrated Animal Feeding Operation Permit Program Working Group

Section 22 would create the Concentrated Animal Feeding Operation Permit Program Working Group, which would be comprised of 12 members and meet no more than quarterly, starting November 1, 2026. The group would be required to report annually and provide advice and recommendations on the implementation of and transition to the ANR CAFO permit. The bill does not specify per-diem compensation or expense

reimbursement for members of this working group.

Sections 23 and 24: Training on Inspection of Concentrated Animal Feeding Operations

Section 23 would require the Secretary of Natural Resources to contract with a third-party consultant to assist in developing the standards and procedures used by ANR and AAFM when inspecting CAFOs and provide training to inspectors from those two agencies. The third-party consultant would also accompany ANR inspectors on 10 inspections to ensure compliance with inspection standards. The duty to implement Section 23 would be contingent on an appropriation of funds from the General Fund to ANR for this specific purpose.

[i] *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.*