



# VERMONT LEGISLATIVE Joint Fiscal Office

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

## Fiscal Note

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Ted Barnett, Senior Fiscal Analyst

### **S.323 – An act relating to miscellaneous agricultural provisions**

As passed by the Senate<sup>1,i</sup>

#### Bill Summary

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

- *Section 4:* extends the Act 250 exemption for accessory on-farm structure permits to improvements for processing and preparation of qualifying products in which no more than \$250,000 in total annual sales or an equivalent value of donated farm crops originates from outside the farm where the business is located;
- *Section 7:* repeals the pest control compact, which is no longer operational;
- *Section 8:* extends the Agency of Agriculture, Food and Markets (AAFM) examination fee for pesticide dealer licenses and applicator certifications to first time test takers;
- *Sections 9-14:* conforms seed law to universal standards; and
- *Sections 22-25:* transitions oversight of the hemp market from the AAFM to the Cannabis Control Board (CCB).

#### Fiscal Impact

The bill contains miscellaneous fiscal impacts:

Section	Provision	Impact	Fund
Section 4	Changes to Act 250 exemptions for accessory on-site businesses	Unknown negative	Act 250 Permit Fund
Section 8	Pesticide examination fee changes	Minimal positive	AAFM – Pesticide Monitoring Special Fund
Sections 22-25	Fee for hemp producers, processors, and products	Minimal increase in annual revenues	Cannabis Regulation Fund

#### Background and Details

The following sections have a fiscal impact.

<sup>1</sup> 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.

**Section 4: Accessory On-Farm Structure Permit**

Under current law, accessory on-site farm businesses can receive an exemption for Act 250 permits and permit amendments for improvements for the storage or sale of qualifying products and for improvements for the preparation or processing of qualifying products as long as more than 50% of the total annual sales of qualifying products come from the farm associated with the business. This section would expand the exemption to include improvements for the preparation or processing of qualifying products if the annual sales or equivalent value of products that originate off the farm does not exceed \$250,000. This provision would reduce revenues to the Act 250 Permit Fund from an increase in Act 250 permit exemptions.

**Section 8: 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 expand this fee to apply to initial examinations. 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. It would increase revenues to the AAFM Pesticide Monitoring Special Fund.

**Sections 22-25: 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 27 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.

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.

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<sup>i</sup> 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.