

What is farming? Legislature may redefine the term

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MONTPELIER — Legislators are struggling to define agriculture in a time when some small farmers are turning to small-scale food manufacturing to make a living.

The issue has come up as the state considers expanding the current-use program by broadening the definition of farming.

Take Mateo Kehler, who recently testified before the Legislature in favor of expanding the current use program — which is designed to help landowners keep their land as farms and forests by reducing their property taxes.

Kehler makes specialty cheeses that are sold in Vermont stores and high-end shops and restaurants around the country, with the milk from his 27 cow herd in Greensboro.

But under current use, Kehler's cheese-making is not considered farming. He pays the full tax burden on his cheese-making sheds, even though he is keeping farmland open — the goal of the program.

That is because Kehler makes his income not from selling raw milk, but from manufacturing and selling cheese, which is considered a commercial enterprise.

"We are that classic young, small, family business. We are putting all our eggs in one basket and it is going to work," Kehler said. "We are basically looking to be acknowledged as farmers, since that is what we are doing."

Part of the reason Kehler, his wife, brother and sister-in-law started their farm and cheese business was to figure out how to keep the land in production, he said.

"It's ironic that the state program created to do that doesn't recognize us," he said of current use, also known as the Agricultural and Managed Forest Land Use Value Program.

Rep. David Zuckerman, P-Burlington, chairman of the House Agriculture Committee, said part of the reason legislators are considering the change to current use law is to take into account the changing face of agriculture in the state.

Farmers who add value to basic farm products — like milk by turning it into cheese, or apples by making cider — are going to be important to the state's rural economy, especially as the price for raw agricultural materials weaken, Zuckerman said.

Sen. Sara Kittell, D-Franklin,

agreed. The Legislature needs to try "any way we have to keep the land working," said the chairwoman of the Senate Agriculture Committee. "One way the land is kept working is through cheese production."

It is unclear what the cost of expanding current use would be, since the Legislature is early in the process of determining how that could be done. No one can know yet how many would be eligible for the program and how many of those who could join would do so.

Adding the buildings of the few dozen small cheese makers, cider mills and wineries will increase the cost of the current use program somewhat, but probably not very significantly, said Bill Snow, current use program chief for the state's Tax Department.

In the 2004 tax year, almost two million acres of farm and forest land in the state was enrolled in the current use program, he said.

The difficulty with expanding current use, legislators said, is determining which buildings or operations are agricultural and which are commercial. Without a careful definition, a winery that imports all of its grapes into the state and isn't really keeping any Vermont farmland working could be enrolled in the current use program, legislators said.

The Legislature seems likely to define what businesses are eligible for current use by how much of the raw materials they use are from the farm on which the production is taking place. At least 50 percent will probably be required, and some may require that as

much as 80 percent has to come from the farm itself.

State Agriculture Secretary Steve Kerr said the current use expansion is a good idea, as long as a majority of the raw materials used are from the farm which is benefiting from reduced taxes.

Some wineries and cheese-making operations in the state look just like dairy barns and can keep land for agricultural use just as well, so they should be included in the program, he said.

Under Act 250, the state's land use law, most of those small-time producers of value-added agricultural products are already considered exempt farms, said John Hasen, general counsel for the Vermont Environmental Board.

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