

- Fact Sheet -

Act 181 and Accessory On-Farm Businesses

What is an Accessory On-Farm Business?

In 2018, Act 143 created a specific zoning designation for “Accessory On-Farm Businesses” (AOFBs). The law established opportunities for farmers to expand the scope of their operations through on-farm sales of agricultural products and/or by hosting educational, recreational, or social events that feature agricultural practices or “qualifying products.” These accessory on-farm activities can help to increase revenue and improve farm viability.

AOFBs operate within two defined categories: the sale of “qualifying” agricultural products, and hosting educational, recreational, or social events featuring agricultural practices or qualifying products. Qualifying products are generally agricultural products produced or manufactured on one or more farms. As the law was enacted in 2018, AOFBs selling qualifying products were required to generate a majority of their total annual sales from products produced on their host farm. In 2024, Act 181 changed the AOFB definition and expanded farmers’ ability to work together and sell their agricultural products without potential zoning prohibitions.

What’s new through Act 181 starting on July 1, 2024

Eligible AOFBs may not freely sell an unlimited amount of qualifying products from other farms, and they may sell some products designed to promote their farm and bread and baked goods. Importantly, while the AOFB definition previously applied exclusively to municipal zoning, Act 181 created an Act 250 exemption for some AOFB activities.

Now, eligible AOFBs that sell ‘qualifying products’ may sell:

- Qualifying products produced on any farm, regardless of what percentage of the products or total annual sales originate from the farm where the AOFB is located;
i.e. maple syrup produced by a neighbor, strawberries grown down the road, ice cream, cheese or meat (with the proper licenses) from neighboring farms
- Products that name, describe, or promote the farm or Accessory On-Farm Business;
i.e. sweatshirts with the farm’s name and logo, a mug with the name of the on-site farm stay
- Bread and baked goods
i.e. pies, muffins, scones, cookies, bread, and other baked goods to draw customers and increase sales of local agricultural products

The legal changes are designed to help local farms work together to build supply chains, expand and market their products and farm activities, facilitate direct sales to customers, and utilize the best sales locations for their Vermont farm products. Farmer collaboration and cooperation should create better and more diverse farm markets while increasing consumers’ access to fresh and healthy local food. Farms may improve their relative economies of scale by working together, and AOFBs can improve farm viability by making farms less subject to single commodity price swings. Farm collaboration should result in better returns and increased local sales of fresh Vermont food.

In addition to more permissive standards for selling agricultural products, the new law also enables AOFBs to be exempt from Act 250 permitting requirements for the construction of improvements for some AOFB activities. The types of Act 250 exemptions follow:



Construction of improvements for the **storage or sale of qualifying products** are exempt from Act 250 permitting;



Construction of improvements for the **preparation or processing of qualifying products** are exempt from Act 250 permitting, provided that **more than 50% of the total annual sales** of the prepared or processed qualifying products come from products **produced on the farm** where the business is located;



Construction of improvements related to hosting **events or farm stays** remain subject to **Act 250 and were not impacted by the legal changes.**

AOFBs are still required to notify their towns of proposed AOFB activities, and go through site plan review prior to construction or operation of structures related to their business activities. Towns may apply performance standards adopted in their zoning bylaws to AOFBs.

Additional Information

Towns may request additional input from the Vermont Agency of Agriculture, Food and Markets in determining whether proposed activities or structures meet the definition of “farming” as established in the [Required Agricultural Practices](#), and farms may request a “farming” determination. More information on definitions and determinations can be found here: [Farm Definitions and Determinations | Agency of Agriculture Food and Markets](#).

For farm determination and farm structure questions, or general AOFB questions, please contact:

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