

Guide to Farming in New York State

What Every Ag Entrepreneur Needs to Know





How to Use This Guide

Guide to Farming in New York State

This guide is comprised of a series of individual fact sheets addressing topics relevant to planning and operating a farm business in New York State specifically, though many of the concepts apply to farmers in other states too. The fact sheets are meant to be brief and to the point. Additional details can be found via the links provided or by calling the offices listed.

The Guide is meant to be a resource for both beginning and established farmers. For beginning farmers, there are certain topics that are not relevant. To help guide you to those that are relevant to your stage of business, refer to the list below.

What's Important For New Agricultural Entrepreneurs to Know?

Matching the farmland to the chosen enterprise: Be sure to research soil, climate, forest and infrastructure resources. Buying or leasing the right land, at the appropriate size and with the right soil, is critical to the success of your operation.

Legal forms of business: Don't sweat this at the outset. A sole proprietorship is usually a fine place to start and does not require a lawyer; however, it is a good idea to register your business (DBA) at your County Clerk's office. If there are unrelated business partners, options are to develop a legal partnership or incorporate, but will require legal assistance.

Where can I get money to start my farm? There are two basic options: use personal resources or borrow money from a lender or investor. There are no grant funds available to start a farm.

Am I a farmer yet? There is no single answer to this question. Some tests are: you have purchased equipment and are involved in production; you are keeping records on your farm purchases; you are filing the Federal Farm Tax return (Schedule F); you are selling agricultural products.

What can I raise profitably? This is an important question that can be answered through good research and business planning. Identify what you want to raise, investigate the costs and potential returns, and then decide if it meets your goals on paper, before you invest real money.

Recommended Reading:

Fact Sheets #1, 2, 3, 8, 9, 11

Fact Sheets #12, 13

Fact Sheets #4, 12, 31

Fact Sheets #35, also 15, 16, 17

Fact Sheets #12, 14, 23, 24, 25, 26, 28, 29

Recommended
Reading:

What are the tax benefits? Farmers are exempt from paying sales tax on purchases of supplies used in farming. Some farm buildings are wholly or partially exempt from property taxes and once a farm generates over \$10,000 in sales, the land can also receive a property tax exemption. Additional tax exemptions apply once farm income becomes 2/3 of total income.

Fact Sheets #17,
20, 21, 22

Where can I sell my products? This is the first question you should consider. What is your product and who wants it, and where are those people located? Market planning should not be overlooked. Most beginning farmers think about direct marketing as the place to start but this takes time, so consider what amount of time you have to invest in marketing and project potential returns by market channel.

Fact Sheets #22,
23, 24, 25, 26, 27,
28, 29, 30

What are sustainable farming practices? There are benefits to organic farming, but conventional farmers who follow integrated pest management and recommended agricultural environmental management practices can also farm sustainably. Become knowledgeable about farming practices and decide which of them best meets your goals.

Fact Sheets #10, 29

Where can I get help? Start with your county Cornell Cooperative Extension office and the county Soil and Water District office, and begin networking with other farmers. Read up on farm topics of interest, but experience is the best teacher. Once you do your homework, business planning is a critical step.

Fact Sheets #33, 34

What's Helpful for the Established Farm Enterprise?

Do you have \$10,000 in gross sales per year? If so, have you filed for agricultural assessment of your property as a way to lower your property tax bill? If 2/3 of your income is derived from farming, you also qualify for the Farmers' School Tax Credit. Lower overhead costs by claiming these benefits.

Fact Sheets #15,
16, 21, 22

Are you ready to hire employees? If so, be aware of all of the paperwork requirements. Plan ahead before hiring.

Fact Sheets #15,
18, 19

Are you making money? Recordkeeping is essential to see if you are making money. Keep an eye on the business and adjust as necessary. If you have not developed a business plan, it can be a tool for monitoring progress towards your goals.

Fact Sheets #12,
13, 14, 15, 16

Are you managing risk? An established business has invested over time and should be adequately insured to protect that investment. Product liability is critical. For farms that host visitors, make sure you have sufficient general liability coverage.

Fact Sheets #5, 6, 7



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Finding a Farm to Buy or Lease

Guide to Farming in New York State

Factsheet Overview

Leasing Land and Buildings for Farming

Written Leases

Determining Cash Rent

Determining Share Rent

Renting Farm Buildings

Sample Lease Agreement

Farm Real Estate Brokers

For more in-depth help than this fact sheet can provide, Land For Good offers a very helpful lease development tool:

<http://landforgood.org/lease-tool-login/>

Leasing Land and Buildings for Farming

Buying land and paying a mortgage adds to the cost of starting a farming operation. Leasing may be an option for enterprises that require less infrastructure or where the investment in infrastructure — such as irrigation pipes, a greenhouse, or fencing — is portable. If infrastructure involves improvements that are not easily removed, like digging a pond or constructing buildings, then it may not be wise to invest on land you do not own, unless the owner pays for these improvements. If the property that you want to lease has buildings suitable to your enterprise, then a rental agreement might also include use of buildings.

Finding good farmland to lease may be as challenging as finding good farmland to purchase. You may find that people will respond to ads placed in small community papers, farm papers or in county Extension or Soil and Water Conservation District (SWCD) newsletters. Contacting owners of a desirable property by personal letter and/or phone call can be effective too. Also, check with area realtors and farmers. Once you find some possible properties to lease, consider the soil type, drainage, if there is a water supply, and what it will take to bring the land into production. It is important to find a site that matches the production requirements of the enterprise you want to develop.

Written Leases

A written lease or agreement is a good idea whether you are paying rent, working on shares or permitted to use the land free of charge. A lease will specify the terms under which the renter and the owner will operate. The main goal of a lease is to develop a fair agreement understood by both parties. Landowner and tenant needs and goals should be identified.

In general, a well-written lease should include:

1. Description of the land and buildings to be rented, and equipment if applicable. An accurate assessment of the conditions at time of rental is a good idea, including photos to document such.
2. Rights of each party: owner and tenant access and use. Spell out any restrictions.
3. Improvements that will be made and who pays for these. If buildings are involved, specify who pays for improvements like roofing, painting, etc. that are normal infrastructure, versus improvements made that are specific to the farm enterprise.
4. Agricultural practices to follow – outline organic or agronomically sound

practices to be used, specify that fields be planted to a cover crop after use, list prohibited practices

5. Condition of land at end of lease – common practice calls for land to be left in the same condition as when first rented. However, land that was not been farmed for some years prior to the lease may actually be left in better condition. In this case consideration should be given to the cost of those improvements.
6. Payment terms under normal growing conditions and in the event of a crop failure. Payments should be based on the value of the property for farming purposes only (not for development).
7. Lease payment: leases can be paid in cash, in crop or livestock shares, or in some cases, landowners are willing to forgo fees if the tenant makes improvements.
8. Bringing land back into production – if land has not been actively farmed in many years, the cost of bringing land back into farming is considerable. Consideration needs to be given as to who should pay for these costs. The owner benefits in the long run from improvements that are made.
9. Length of the agreement and terms of renewal. A one-year renewable lease might be a good starting point for annual crops, or if planting perennial crops, a 3-5-year lease is preferable.
10. Early termination if initiated either by the owner or tenant and the consequences.
11. Insurance paid by owner (for land, buildings, equipment) and paid by tenant (for crops/livestock and production related improvements made by tenant).
12. Taxes are the responsibility of the owner.
13. Provisions for arbitration in the case of disagreements.

Determining Cash Rent

There are several approaches that can be taken when establishing a fair rental rate. These include:

1. the demand for land and going rate in a particular area
2. the cost and return associated with a crop allowing for an acceptable profit and rental payment
3. what the landowner needs to cover with regard to fixed costs or taxes.

Generally, a combination of these approaches may be needed to arrive at a fair rate.

Determining Share Rent

A shared rental agreement assumes that the landowner and tenant account for what each contributes to the production of a crop or livestock including fixed and variable costs; then calculate the percentage contributed by each party. This percentage can be used in setting return (crop or harvest returns) received by owner and tenant. Flexibility is needed in case of low harvest or prices. Owners may have to relinquish some shares if the tenant is dependent on sales for their livelihood.

Renting Farm Buildings

A key factor influencing building rental is whether the owner needs to obtain a minimum rent to cover fixed costs or not. Variable costs such as utilities can be assigned proportionate to use by the tenant. A key consideration for tenants is whether additional insurance is needed to cover losses of stored crops, livestock or

To get a sense of cash rental rates for farmland in your area, check out the result of the biennial Cash Rent Survey conducted by USDA:

Biennial Cash Rent Survey Results:

https://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Cash_Rents_by_County/

Materials adapted from: Pennsylvania Farm Link worksheet (out of print) and from Richard Eschler, former Cornell Farm Business Management Educator.

Simple Farm Lease:

http://www.uslegalforms.com/us/US-801LT.htm

Note: You must pay a fee to get a copy.

Short Term Lease:

http://landforgood.org/wp-content/uploads/Sample-Short-Term-Lease.pdf

Multi Year Lease:

http://landforgood.org/get-resource/?fid=http://landforgood.org/wp-content/uploads/Multi-year-lease-template.doc

Note: Requires email address.

equipment.

Sample Lease Agreement

A simple lease follows as a starting point. Consult an attorney if a more detailed lease is desired.

This lease is entered in this ____ day of ____ between _____, landlord, and _____, tenant. The landlord leases to the tenant to use for agricultural purposes _____ acres of pasture and _____ acres of cropland, and the following building: (list or attach a list) located in the Town of _____ and County of _____ at _____(street address) and commonly known as _____ Farm.

The tenant will pay the landlord \$_____ per year (or other specified time period) with payment to be made as follows: _____. The tenant will also pay all the costs of planting, growing and harvesting crops grown on the land. The tenant will be required to maintain and repair fences, tile drains, and diversion ditches, and make ordinary repairs to maintain buildings and equipment used, and pay for utilities such as electricity and water (if relevant) during the period of the lease.

The landlord will pay the taxes, fire insurance on buildings, major repairs or improvements, such as new fence, ponds, drain tiles, diversion ditches, etc.

The tenant will follow recommended conservation and agronomic practices in working the land. No green or growing timber may be harvested from the property by the tenant. The landlord has the right to inspect or enter the property at any time.

This lease shall be for ____ years beginning (date)_____ with automatic renewal for (how long): _____(years) unless either party gives written notice to the contrary at least 3 months (90 days) before the expiration of the current rental period. The rental rate may be adjusted annually to account for increases in taxes, insurance or other costs of ownership.

Any meadow land plowed for annual crops will be re-seeded to a perennial forage crop at the end of the lease period (unless the lease has been automatically renewed).

Any differences between the landlord and tenants as to their rights and obligations under this lease that are not settled by mutual agreement shall be submitted to an arbitrator or other such person who has authority to make a final decision.

It is agreed that the stipulations of this lease are to apply to and bind the heirs, executors, administrators, and assigns of the respective parties and is made and executed in duplicate.

In witness whereof the parties have signed this lease on this date of _____.

Landlord _____
Tenant _____

Witness _____
Witness _____

Additional lease and land tenure resources on the “Land for Good” website: <http://landforgood.org/resources/toolbox/leasing/>

Helpful Contacts for Finding a Farm

Farmland for a New Generation New York	Farmland for a New Generation New York helps farmers seeking land and landowners wanting to keep their land in farming. On this website, you can register to post farmer and property profiles, search for farmers or search for farmland, learn about upcoming events, and browse resources and organizations throughout New York State.	(518) 581-0078 fngny@farmland.org https://nyfarmlandfinder.org/
NOFA-NY	The Northeast Organic Farming Association of New York maintains a database of classified advertisements for land offered for rent and sale, and another for “land sought.”	http://bit.ly/2W1xhvu
Finger Lakes LandLink	A project of Cornell Cooperative Extension Tompkins County and Groundswell Center for Local Food and Farming.	http://www.fingerlakeslandlink.org
Catskills FarmLink	A project of the Watershed Agricultural Council.	http://www.catskillsfarmlink.org
Farmer Landowner Match Program	The Columbia Land Conservancy established this program in 2009. It serves Columbia and Dutchess Counties in NY.	http://bit.ly/2WMzG1N
Farmland Match	Westchester Land Trust’s Farmland Match program connects Westchester farmers who need land with property owners who have land to lease.	John@westchesterlandtrust.org http://bit.ly/2Z6Nj9u
Land for Good	A service for farmers, landowners, and farm-seekers in “New England and beyond,” this group provides trainings, tools and counseling to keep land in agricultural production.	www.landforgood.org
New England LandLink	NELL is a program to help farmers and landholders locate and transfer farms in New England. NELL will also advise on land lease and transfer options.	http://bit.ly/2wD9pEu
LandLink Programs Across the Country	A compiled list by the Center for Rural Affairs	http://bit.ly/2IjbY3U

Long Term Lease on Public Land:

<http://landforgood.org/wp-content/uploads/Sample-Long-Term-Lease.pdf>

Note: Requires email address.

Cornell Cooperative Extension Agricultural Educators	The Beginning Farmer contact in your county extension office may also be able to direct you to farms for sale or farm realtors.	http://smallfarms.cornell.edu/contact/local-contacts
Grassroots: The Voice of New York Farm Bureau	Farm Newspaper with Listings of Farm Properties for Sale	http://bit.ly/2Mr7EoF
Country Folks: Lee Publications	Farm Newspaper with Listings of Farm Properties for Sale	800-218-5586 www.countryfolks.com
	Farm Real Estate Brokers* While conventional real estate brokers list farms for sale, most active farms are considered commercial property and are listed by real estate agents specializing in farm transactions. The list below does not imply endorsement of any of the following businesses:	
MLS Residential Search	The largest multiple listing service for residential real estate. Often contains small and medium farms.	http://realtor.com/
Farm Credit	Agricultural lender with an appraisal services; they would know of farms for sale	www.farmcrediteast.com
Farm Service Agency Real Estate for Sale	Listing of homes and farms for sale by the Farm Service Agency, many available with low interest financing	www.resales.usda.gov/
LandAndFarm	Rural property listing service	http://landandfarm.com
United County Real Estate	Rural real estate brokerage	www.unitedcountry.com
Come Farm with Us	Farm real estate listings in Jefferson County, NY	www.comefarmwithus.com
Farm & Country Realty	Rural New York State property listings and brokerage	http://www.farmandcountryrealty.com
	*This listing of realtors is not intended to be complete, and listing does not imply endorsement by Cornell Cooperative Extension. Check with folks located in the area near where you hope to farm to find realtors who specialize in farm property.	





Climate and Soil Considerations

Guide to Farming in New York State

Factsheet

Climate Overview Considerations

Climatic factors
that impact crop
growth

Soil Considerations

What is Soil?

Soil Texture

Soil pH

Soil Organic
Fraction

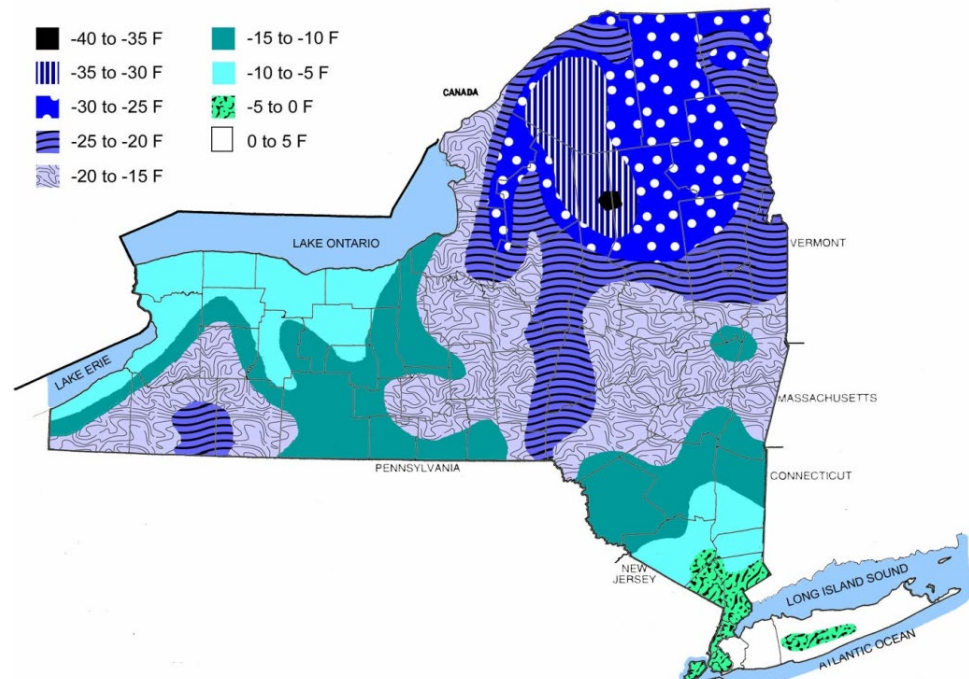
Soil Compaction
and Depth

Soil Testing
Services

Climate Considerations

New York State's climate is very diverse. It is not uncommon that in traveling <10 miles, you could move from one microclimate to a completely different one. For example, precipitation is double the state average in the Tug Hill Plateau region, and the recommended winter hardiness level changes from -5oF to -40 oF in a 100-mile distance as you travel from Wayne County to the Adirondacks.

USDA Hardiness Zones



Sources: Cornell Gardening Resources, <http://www.cce.cornell.edu/programs/hort/gardening/weather/images/zoneln.jpg>.
U.S. Bureau of the Census, 2002 Census of Agriculture.

Climatic factors that impact crop growth include:

- Minimum temperatures
- Hardiness zones
- Frost-free dates
- Growing degree-days
- Precipitation
- Air drainage

Featured Resource

Cornell's Climate Smart Farming program is an initiative that helps farmers in the Northeastern US reduce greenhouse gas emissions and increase farm resiliency to extreme weather through adoption of best management practices

<http://climateinstitute.cals.cornell.edu/climate-smart-farming/>

For information about the climate in a particular area of NYS, contact:
Northeast Regional Climate Center
www.nrcc.cornell.edu/index.html or
call 607-255-1751

Soil Considerations

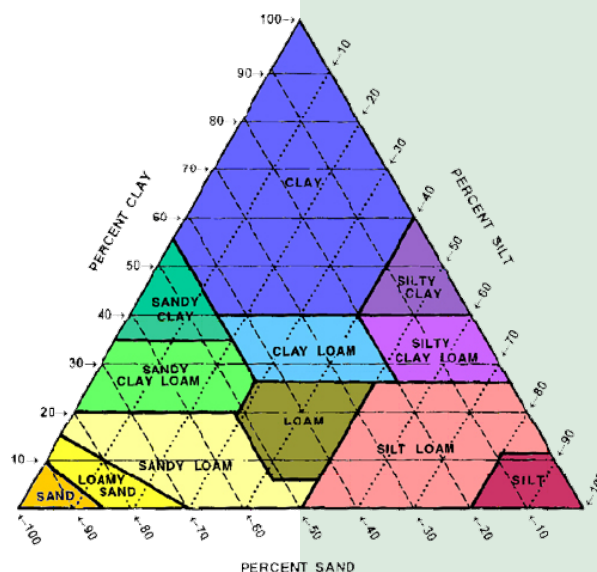
Soils vary in their properties and influence what crops will grow.

Important soil characteristics include:

- Texture – the percent of sand, silt or clay particles that make up the soil, as depicted in the chart
- pH – acidity or alkalinity of the soil
- Fertility – nutrients available for crop growth
- Drainage

Select the best soil possible for high value specialty and agronomic crops; for hay or pasture, soil quality is slightly less critical.

Developing an understanding of the basics of soil physiology and the factors that affect plant fertility is essential for successful agricultural production.



What is Soil?

In addition to air, water, and nutrients, soils provide mechanical support to growing plants. There are four major components to soil: minerals, organic matter, water, and air. The approximate composition of a soil for optimum plant growth would have the solid space made up of 45% mineral and 5% organic matter, and the remainder would have roughly 25% water and 25% air. The water and air would be contained within the pore spaces of the soil.

Soil Texture

Soil texture refers to the size of mineral particles, specifically the relative proportion of various size groups in a given soil. This property helps determine the nutrient-supplying ability of soil solids and the supply of water and air that support plant life.

Soil texture is divided into three parts—sand, silt and clay—based on particle size. Silt and clay soils impart a fine texture and slow water and air movement. They also have high water holding capacity due to the higher percentage of pore spaces. These are referred to as heavy soils, with clay being the heavier of the two. Clay is also the primary plant nutrient-holding mechanism in the soil.

Soil textural names are how we refer to and identify our soils. Sandy to gravelly soils are referred to as lighter soils, as water moves through more rapidly than the heavier soils, and they have lower water holding capacities. Sandy soils contain 70% or more sand by weight. Clay soils have at least 40% clay and may have names like sandy clay or silty clay. Loamy soils possess the desirable qualities of sand and clay without exhibiting the undesirable characteristics of extreme looseness, low water holding capacity and slow water and air movement. Some examples would be clay loam, sandy loam, silt loam, and silty clay loam.

Soil pH

Soil pH is used as a measure of its relative alkalinity or acidity. Soil test results for pH are based on a pH scale where 7.0 is neutral, above 7.0 is alkaline and below 7.0 is acidic.

Soil pH is critical to health plant growth. It directly affects the availability of the essential nutrients to plants. It is important to know the optimum pH for the plants to be grown. Soil pH also affects the adaptability of plants in a given soil. Most agricultural plants prefer a slightly acidic pH of 6.4. However, there are exceptions so be familiar with the pH and nutritional needs of all the crops to be grown. The addition of any liming (alkalinizing) or acidifying materials should always be based on the results of a reliable soil test. Over-application of either can lead to crop injury.

Soil Organic Fraction

A good, loamy soil contains about one-half pore space (air and water) and one-half solid material. Of this one-half solid material, 90% is composed of minerals (bits of rock). The remaining 10% is the organic fraction. The influence of this small part of the soil on the soil's ability to support plant growth is significant.

The soil's organic fraction is dynamic and is always undergoing a process of change. The organic fraction consists of living organisms, plant and animal residues, and plant roots. Adequate levels benefit soil in many ways including; improved physical condition, increased water infiltration, improved soil tilth, decreased erosion losses, enhanced nutrient availability, and retention for plants.

Soil Compaction and Depth

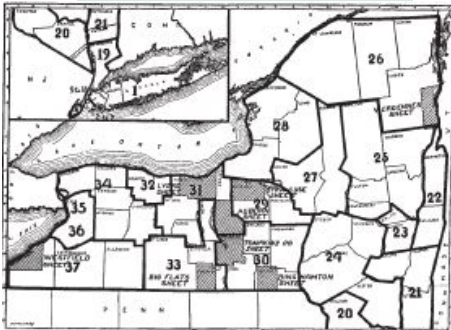
Fine textured soils are more easily compacted than lighter soils, especially when they are wet. Compaction reduces pore spaces that hold air and water. Plant growth in compacted soils will be significantly reduced. Operating equipment on wet soils can create problems in a field for an entire season or longer. Sometimes a soil is referred to as being deep or shallow. Soil depth can be defined as that depth of soil material favorable for plant root penetration. Deep, well-drained soils of desirable texture and structure are favorable for plant growth. Shallow, poorly drained soils are very restrictive to plant growth.

Soil Maps

To learn about the soil types on your property, a useful tool available across most of the US is the USDA-NRCS Soil Survey that consists of soil maps and descriptions of

To Find a Soil Survey:

Contact your local
USDA Service
Center, your NRCS
State Soil Scientist,
or your county
Cornell Cooperative
Extension office.



soil characteristics and capabilities, available online at:

<http://websoilsurvey.nrcs.usda.gov>

Soil Testing Services

Agro-One Agronomic Laboratory Services	Agro-One Services will test soil for nutrients and pH and indicate amounts of lime and fertilizer needed. Soil samples can be mailed, shipped via UPS, or taken to Dairy One's sample pick-up points (see website), where you will fill out forms and pay for the testing. For more information, contact the lab:	http://dairystone.com/ 800-496-3344
Cornell University Comprehensive Assessment of Soil Health	The Cornell Comprehensive Assessment of Soil Health offers soil testing services. They measure soil texture, available water capacity, field penetrometer resistance, wet aggregate stability, organic matter content, soil proteins, respiration, active carbon, and macro- and micro-nutrient content assessment. Additional indicators are available as add-ons, including root pathogen pressure, salinity and sodicity, heavy metals, boron and potentially mineralizable nitrogen. For more information and how to send a sample, contact the department:	http://soilhealth.cals.cornell.edu/soilhealth @cornell.edu



Infrastructure Considerations

Guide to Farming in New York State

Factsheet Overview

Evaluating Your Farm's Infrastructure

- Buildings
- Power Source
- Fencing
- Pasture for Horses or Livestock
- Deer Fencing
- Equipment
- Water Supply

Evaluating Your Farm's Infrastructure

Different farm enterprises will require different types of infrastructure, equipment, and resources. It is important to have a good idea of what infrastructure your operation will require and to assess what exists. A good inventory will help in determining whether the enterprise you are considering is feasible at this point, or whether you have some work to do. As you evaluate what you will need for your farming enterprise, also begin to track the potential costs of necessary improvements.

- What do I have?
- What do I need? (And, what do I really need?)
- How will I get what I need?
- How much will it cost?

Buildings

What types of buildings will be needed for the agricultural enterprise you are considering?

- Will I have livestock that need housing? Remember, livestock facilities need to be correctly sized.
- Will I need storage facilities for livestock feed, equipment, or product that I will produce?
- Will I need a barn, greenhouse, washing/grading/packing shed for vegetable and fruit production? Is refrigeration needed, or will I need specialized facilities for processing?

Inventory existing buildings such as barns, outbuildings, sheds and houses.

- Are these buildings in good repair?
- Are they adequately sized for your enterprise?

You may be able to rent facilities, so keep an open mind when inventorying.

Power Source

You need to ensure that you have an adequate power source for your enterprise. Some operations may require different power levels (i.e. 220V rather than standard 110V household service), so make sure that there is adequate power capacity on your farm. Over-loading older or limited circuits can be hazardous and even disastrous. You may wish to consult with a licensed electrician to determine if your electrical source and wiring is adequate to supply your needs. If you rely on power for critical elements of your operation, consider having a back-up generator on hand in case of power outages.

Fencing

If you plan to have livestock, you will need fencing– and effective fencing, as you are responsible for animals that get loose. There are many types of fencing from portable to permanent, and livestock species vary in their fencing needs. Most animals can do well with high tensile electric fence, while others (like goats) can be better-contained a mesh style of fencing. Research what type of fencing you will need for your operation. Check with your local Natural Resource Conservation Service (USDA-NRCS) as well as your county's Soil and Water Conservation District (SWCD) for more information about livestock fencing alternatives and specifications – links to both organizations are in the table on the last page of this fact sheet. They should be able to refer you to contractors who install fencing and sell fencing supplies, and may even be able to offer you a cost-share grant for fencing. Consider putting up a perimeter fence and using portable, temporary fencing to form smaller paddocks within the perimeter to rotationally graze livestock.

Pasture for Horses or Livestock

Putting too many animals on too little land causes reduced productivity to both and can damage the health of the land in the long-term. As a general rule, allow for about one acre of pasture for each 1000 lb. (or one “animal unit”) of cows, sheep, or goats for the growing season. If you would like to harvest hay from your land for your livestock's winter feed needs also, make sure you have a total of 2 acres of pasture per 1000 lbs. of animals. Because horses graze over a longer period each day (up to 20 hours), and because they trample a lot of forage in the process, it's a very good idea to provide 2.5 acres per horse of grazing land during the growing season. To get help establishing a successful grazing system, contact your local Soil and Water Conservation District (SWCD).

Deer Fencing

Deer are a major limitation to the production of horticultural crops including fruits, vegetables and ornamentals. Increasingly farmers have to invest in deer fencing in order to successfully grow these crops and minimize losses. Deer fencing is a major investment but a necessity in the long run. Fencing options include: 3 strand wire fence that is electrified or 8-foot-high plastic fencing that provides a more secure barrier. For information on deer fencing, check the website:

Cornell
Cooperative
Extension:
Reducing Deer
Damage to
Ornamental and
Garden Plots
[http://putnam.cce.cornell.edu/
resources/reducing-
deer-damage-to-
ornamental-and-
garden-plots](http://putnam.cce.cornell.edu/resources/reducing-deer-damage-to-ornamental-and-garden-plots)

Unfortunately, there are no federal or state programs to help offset the cost of deer fence installation. Therefore, it is a production expense that must be calculated into startup costs.

Landowners may be eligible for a deer nuisance permit from the DEC; eligibility is based on "property damage and the lack of, or failure, of other practical alternatives to alleviate the problem." The DEC issues tags for a limited number of antlerless deer on the lands specified on the permit. Find more information in the following guide:

Equipment

There is a wide array of equipment available for all enterprises. "Equipment" could mean a tractor and mower or it could mean a hoe and a rake or specialized equipment for processing. So, where do you start? One key is to start small, and build up your farm operation gradually to help you get to know what you need and when you need it. For example, before you purchase equipment talk with other farmers to learn what is essential and investigate options for equipment rental or options to buy used equipment. Don't succumb to Shiny Equipment Disorder (SED), buying more brand new shiny toys than you can possibly pay for with farm revenue. It's better to invest as little as possible in such overhead expenses, until your operation can support purchase of better or more specialized equipment.

There are a few basic questions to consider when thinking about equipment:

- Assess what you have and what you need. Ensure that equipment is sized correctly for the job you intend to do with it. For example, ensure that your tractor has adequate horsepower to pull the baler you intend to use.
- Do you really need it? It may be more economical to rely on a custom operator to assist you or to lease equipment.
- New or used? There are obvious advantages to each. Consider your needs and financial resources carefully to make the best purchase.

Water Supply

Water resources include streams, rivers, lakes, ponds, wetlands, springs, wells, and aquifers as well as any means of conveying the water to your facility. You should be familiar with the location of the water resources on your farm. Consider what the water needs will be for your enterprise. For example, horticultural enterprises need a source of water for irrigation. Livestock owners will need to have a reliable and potable source of water for their livestock to drink. Whatever the water is used for, you need to determine:

- Is there enough water for your operation?
- Is there a way to bring water from its source to where you need it?
- Or, will you need to install water lines, irrigation structures or animal watering facilities?

Keep in mind that all water lines and structures will need to be appropriately sized to fit their purpose. For example, if water lines are too small, you may not be able to deliver enough water to your livestock-watering trough to meet their needs.

Resources

NRCS Technical Guide	This is an excellent resource for identifying conservation practices that may be needed for your farm operation. Landowners should seek assistance from their local USDA-NRCS Service Center office, RC&D office, or technical service provider for additional information.	Each state's NRCS Field Office Technical Guide may be found at www.nrcs.usda.gov/technical/efotg/
Soil and Water Conservation District	Your County Soil and Water Conservation District is available as a technical resource for infrastructure development.	http://www.nys-soilandwater.org/
Cornell Cooperative Extension	Your County Cornell Cooperative Extension can assist you with finding suppliers and dealers for the type of equipment you need.	http://smallfarms.cornell.edu/contact/local-contacts/



Financing a Farm Operation

Guide to Farming in New York State

Factsheet Overview

Getting Money for Your New Farm Enterprise

Farm Service Agency Beginning Farmer and Rancher Program

USDA Farm Service Agency Microloan Program

Commercial Banks

Micro-Enterprise Loan Funds or Revolving Loans Funds for Small Business

Investors

Residential Finance or Using Your Own Equity

Getting Money for Your New Farm Enterprise

By far, the most appropriate source of money for your new farm is your own cash – no loans, no home equity, no family loans, and no credit cards. Relying too much on loans—at least in the very beginning—puts your farm dreams at too great a risk. It is worth the patience to build up your own farm start-up account. Most farms can easily begin operating with <\$5,000 cash, whether on leased land or land you already own.

Obviously avoiding the expense of purchasing land greatly reduces the need for start-up capital. If you do have money saved up to buy land, don't make the mistake of spending it all on the property! A good guideline is to spend no more than 50% of what you have available on the land itself; save the rest for infrastructure and start-up needs.

Set aside the personal cash you have available for your farm in a separate bank account called your "farm account." Use this money judiciously for your start-up expenses. When you earn income from the sale of farm goods, replenish this farm account and continue buying what you can afford for your farm. Chances are, you will be more inspired and creative with your purchasing knowing you have to stretch those dollars. Once your products have a clear demand and are not able to keep up with sales, assuming you want to continue growing the farm, it is time to consider a loan or financing to allow more rapid expansion of the profitable aspects of your farm.

If you reach the stage where you're ready for a loan, you will need to present potential investors or lenders with a solid business plan that exhibits a realistic strategy for paying it off (See Fact Sheet #12 in this Guide). Here are a few loan options:

Farm Service Agency Beginning Farmer and Rancher Program

A beginning farmer or rancher is an individual or entity who:

- Has not operated a farm or ranch for more than 10 years
- Meets the loan eligibility requirements of the program to which he/she is applying
- Substantially participates in the operation

The Farm Service Agency (FSA) provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources.
www.fsa.usda.gov
315-477-6300

- For farm ownership loan purposes, does not own a farm greater than 30 percent of the average size farm in the county
- All applicants for direct farm ownership loans must have participated in business operation of a farm for at least 3 years
- If the applicant is an entity, all members must be related by blood or marriage, and all stockholders in a corporation must be eligible beginning farmers

USDA Farm Service Agency Microloan Program

In addition to larger loans for land purchase or facility construction, FSA offers a microloan program with low-interest loans of up to \$50,000, more flexible eligibility requirements, and shortened application and processing time

To qualify, it is helpful if beginning farmers have:

- A business plan that shows income and expenses and ability to repay the loan
- For established farms, a three-year financial and production history is part of the application, along with a list of assets and debt

Microloans can be used for start-up expenses, annual supply costs, marketing costs, purchase of equipment and livestock, farm improvements, hoop houses, irrigation, delivery vehicles, etc. Microloans must be secured by a lien on property or products. Repayment term will not exceed 7 years.

Commercial Banks

Most banks have a commercial lending department to handle business loans, but few banks have an agricultural lending department prepared to work with agricultural business. Check with your bank to see if they write agricultural loans (most will if you have a Farm Service Agency or Small Business Administration guarantee).

Following is a partial list of NY banks with known agricultural lending departments:

- Farm Credit (with branches in NH, NY, NJ, RI, MA, and CT)
www.farmcrediteast.com
- M&T
<https://www.mtb.com/personal/Pages/Index.aspx>
800-724-2440
- Community Bank, NA
www.communitybankna.com
800-724-2262
- Bank of the Finger Lakes
www.bankofthefingerlakes.com
315-789-1500

Microloan Program:
Designed to help small farm operations including beginning farmers secure loans under \$50,000.
<https://www.fsa.usda.gov/microloans>

Micro-Enterprise Loan Funds or Revolving Loans Funds for Small Business

Some county governments have micro-enterprise loan funds with attractive interest rates and repayment terms that can be used to finance farm operations. Check with your county Planning and Economic Development Agency/Dept. to find out if they have micro-enterprise loans funds that you might qualify for.

Kiva US

Kiva has a long and solid reputation as a global microlender. Now they've set their sights on helping US entrepreneurs as well, with a particular interest in farmers. Through Kiva you can get a 0% interest loan of up to \$10,000. You may have a 6-month grace period and a 2-3-year repayment term. Loans are crowd-sourced on Kiva's online platform, and are made primarily based on character references.

<https://borrow.kiva.org/borrow>

Farm Credit's FarmStart Program

FarmStart has a mission to provide investments of working capital in farm businesses and farmer cooperatives that show promise for business success. The program can make loans to beginning farmers who wouldn't meet Farm Credit's internal credit standards. It requires no down payment or equity for five-year loans up to \$50,000, as long as the business cash flows and seems to have a good chance of succeeding.

<https://www.farmcrediteast.com/products-and-services/new-farmer-programs/FarmStart>

NYS Consolidated Funding Application – funding from NYS Empire State Development

Funds for larger agriculture projects may be secured by working through local county economic development and planning organizations and the regional economic development council that covers your county. These entities set their own priorities for funding allocation. Each regional council is awarded a set amount of NYS funds based on their plans. Projects are submitted via regional councils and approved by the state. Some of the funding may be in the form of a grant, but mostly this is a loan program. Applications are long and complicated. Seek assistance as to whether this is an appropriate funding source to pursue.

<http://regionalcouncils.ny.gov/>

The Carrot Project

The Hudson Valley, Western Connecticut & Berkshire County Loan Program (also known as the Greater Berkshire Agriculture Fund) serves the four-county region of Dutchess, NY, Columbia, NY, Litchfield, CT, and Berkshire, MA, and is administered in partnership with Salsbury Bank and Trust Company. The program offers loans up to \$75,000.

http://www.thecarrotproject.org/loan_programs

Investors

The concept of “Slow Money” (www.slowmoney.org) remains popular, and investor circles nationwide are helping to fund local food systems. Depending on your location and farm plans, you may be able to attract investors to fund start-up or expansion of your farm. Many Community Supported Agriculture farmers have used the strategy of fundraising from their membership to secure their land or build new facilities, usually offering repayment plus interest in the form of farm products. You will need to check in with legal and tax advisors about the implications for your farm, and you will also need to crunch the numbers and write a business plan to determine whether this is a strategy that can work for you. Search online for “slow money,” “local investing opportunity networks” and “small farm angel investors” to learn more about the possibilities for your farm.

Residential Finance or Using Your Own Equity

While many banks are unwilling to lend money to an individual to purchase a herd of goats, for example, almost all banks offer home equity loans and/or other personal loans that you could use for your agricultural business. Home equity and personal loans may carry higher interest rates than business or farm loans available through the above sources. Be sure to check rates and terms.

If purchasing equipment or supplies (machinery dealers, a farmer selling animals, etc.) ask the vendor about their credit options and terms, as they may be more liberal than a commercial bank because they can easily seize and make use of the asset if payment is not made. Again, be sure you know the interest rates and term.

Never finance a business using credit cards as interest rates are enormous and, if payments are not made, can quickly spiral out of control.



Farm Risk Management

Guide to Farming in New York State

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Insurance

General Liability

Automobile

Home Owners

Farm

Worker's Compensation

Product Liability

Contract Liability

Environmental Pollution

Crop

Life

Health

Business Interruption

Vendor's

Umbrella Liability

Ways to Reduce Your Liability

Safety in Agritourism Act

Insurance

The primary goal of risk management and insurance is to protect your assets from claims and lawsuits that may result from injury to persons or damage to property from accidents that are associated with your business. Effective risk management depends on combined efforts and close communication between yourself and your insurance company. Look for an agent with whom you are comfortable, who is well known and respected, who understands agriculture and businesses, and who will work with you to reduce your potential for risk.

When considering your risks, be sure to review the list below and describe your risks completely to your agent. You will not need all of the types of protection listed below, but it is important to know your options when shopping for insurance. Match your coverage to your needs for risk management.

General Liability Insurance

Covers injuries to people and property for which your farm is judged liable and mitigates your losses from lawsuits

Automobile Insurance

Covers vehicle damage while in your vehicle or to another vehicle while traveling

Home Owners Insurance

Typically covers fire, theft, personal property, lightning, riot, aircraft, explosion, vandalism, smoke, theft, windstorm or hail, falling objects, volcanic eruption, snow, sleet, and weight of ice. Usually flood and earthquake need to be purchased separately

Farm Insurance

Covers barns, rental housing, equipment, animals, and other farm assets

Workers' Compensation Insurance

Required if you have employees or interns

Product Liability Insurance

For damages that may arise from the consumption, handling, use of or condition of products manufactured, sold, handled, or distributed by your business

Contract Liability Insurance

Covers the assumption of the liability of another party through a contract or facility use agreement. For example, you may be required to provide a certificate of insurance to buyers that includes \$1 million in product liability and additional insurance

Environmental Pollution Insurance

Covers clean-up of manure, or pesticide spills

Crop Insurance

Can protect against annual production losses due to weather, pests and other insurable causes of loss. Federally subsidized coverage can be purchased from a certified crop insurance agent. Disaster programs provide up to 65% coverage for crops where crop insurance is unavailable and is provided by county USDA Farm Service Agencies

Life Insurance

To help your family in case something happens to the main earners

Health Insurance

For yourself and family in case you need medical care

Business Interruption Insurance

Will provide living expenses if you are hurt and cannot work

Vendor's Insurance

Will cover your liabilities if you are selling at a farmers' market or trade show

Umbrella Liability Coverage

A liability insurance policy. It provides extra insurance protection over and above your existing policies and typically carries a high deductible

See also the list and description of types of insurance in Fact Sheet #6 in this Guide.

Ways to Reduce Your Liability

If you have people coming to your farm, keep your property in good repair.

- Minimize or eliminate dangerous situations. This might include: aggressive animals, manure pits, moving vehicles or equipment parts, etc. Fence off

hazards wherever possible.

- Bio-security is recommended. Provide booties and hand wipes for visitors who enter barn areas.
- When selling or serving foods, make sure all regulations are met and carry product liability insurance.
- All workers on your farm are required to be covered by workers compensation, even if they work for free! So, if you have interns, apprentices, or employees, you are required to carry insurance for them. See fact sheets 6 and 18 for more details on insurance and labor laws.
- Test your water supply annually for bacteria if your water is being used for washing produce or processing.
- Negligence is when you fail to take normal steps to eliminate hazards or you create a hazardous situation and fail to address it.
- Avoid making false statements or publishing incorrect information that may damage a person's reputation as this can result in libel suits. Be careful of advertising claims or comparing your operation to others in a negative way.
- Manage your production techniques according to recommended best management practices.

Safety in Agritourism Act

In 2018 NYS passed the Safety in Agritourism Act, which protects owners and operators of agricultural tourism businesses from liability for visitor injury or death. But the law only applies if owners or operators adhere strictly to the requirements laid out in the legislation, including posting clear "Warning to Visitors" signage, clearly signing areas that are off limits, and proper training of employees. The requirements go well beyond generic signage. It's worth reading the guidance document provided by the NYS Dept of Ag to be sure you understand what you need to do to be protected by this Act:

https://blogs.cornell.edu/smallfarmsprogram/files/2019/02/Inherent_Risk_Guidance-zg2992.pdf





Farm Insurance

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Factsheet Overview

Farm Owner's
Insurance

Supplemental
Comprehensive
Coverage and/or
Product Liability
Insurance

Worker's
Compensation
Insurance

Health Insurance

Crop Insurance and
Risk Management

Insurance
Companies that
Serve Farms

Farm Owner's Insurance

Like a homeowner's policy, most general farm insurance plans cover property damages and comprehensive personal liability coverage for claims against the farm. This insurance is only available through private insurance brokers and it is suggested that you shop around as prices vary widely from vendor to vendor.

Supplemental Comprehensive Coverage and/or Product Liability Insurance

If you have the public coming to your farm, you may want to consider increasing your farm's comprehensive personal liability insurance in case someone gets hurt on your property. In 2019 NYS passed the Safety in Agritourism Act that limits a farm owner's liability for visitor injuries, but only if the owner follows very strict guidelines outlined here: https://blogs.cornell.edu/smallfarmsprogram/files/2019/02/Inherent_Risk_Guidance-zg2992.pdf

If you sell products for human consumption, you run the risk of people getting sick from your products. Make sure your general comprehensive policy covers product risks or purchase product liability insurance.

Some fruit and vegetable producers find their existing insurers are now requiring that the farm hold a certificate of FMSA training. Should that happen, here is a source for training: <https://producesafetyalliance.cornell.edu/training/>

Workers Compensation Insurance

Employers are required to carry workers compensation insurance for employees if cash wages exceeded \$1,200 in the preceding calendar year. Coverage must be obtained effective April 1st of the year immediately following the year where the farm had \$1,200 of payroll. If a farm has one or more unpaid interns or apprentices for the growing season, workers compensation insurance must be provided for these workers too. Insurance can be purchased from the New York State Insurance Fund (<http://ww3.nysif.com/>), private insurers, or an employer can form/join a self-insurance group if they meet various requirements and post bond.

State law also requires that employees be covered by a disability benefit if they are disabled off the job. Most workers compensation insurance will also include this.

Note: Worker's
compensation
insurance also
applies to unpaid
interns

Family members (spouse or children) and farm laborers are exempt from this requirement if the farm is not incorporated. If the farm is held as a corporation or LLC then the family member exemption does not apply because no one is related to a business entity.

Health Insurance

Farm employers are not required to carry health insurance for their employees if they have 50 or fewer employees. However, health insurance for farmers and farm families who do not have off-farm jobs can be very costly. Farming is a high-risk occupation and families put themselves at risk when they do not carry or cannot afford health insurance coverage.

Insurance Plan Options

Gladle & Associates	Provide health insurance for farm families through the Dairymen's Health Insurance Alliance Group Plan. You do not have to be a dairy farmer to join	Toll free: 800-479-8153
NY State of Health	The New York State of Health Marketplace can help individuals and sole proprietors shop for and enroll in health insurance. You may also qualify to receive assistance to help pay for insurance offered through the Marketplace.	https://info.nystateofhealth.ny.gov/
Affordable Care Act	All U.S. citizens are eligible for healthcare coverage through the Health Insurance Marketplace	https://www.healthcare.gov/

Crop Insurance and Risk Management

Crop insurance is available for specific crops to protect against weather-related and other common causes of loss. Federally subsidized policies are created by the USDA Risk Management Agency, but purchased from a crop insurance company. Current policy information is available at: www.rma.usda.gov

And through the New York Crop Insurance Education Program

<https://agriskmanagement.cornell.edu/>

Federal disaster programs can also protect against significant crop losses, if beginning farmers sign up annually by the applicable deadline. Disaster programs are administered by county USDA Farm Service Agencies, listed on each State's FSA website: www.fsa.usda.gov

Insurance Companies that Serve Farms

- Erie Insurance
<http://www.erieinsurance.com/>
- Dryden Mutual Insurance Company
<http://www.drydenmutual.com/>
- Farm Family
<http://www.farmfamily.com/>
- Fingerlakes Fire and Casualty
<https://www.flfcc.com/>
- NY Farm Bureau/ Nationwide
<https://www.nationwide.com/cp/ag-farm-bureau-ny.htm>
- Safety Group 486 Workers' Compensation Insurance (Associated with NY Farm Bureau)
<https://www.nyfb.org/programs/workers-compensation>
- Washington County Cooperative Insurance Company
<http://www.wccic.com/>

*This listing of insurance companies is not intended to be complete, and listing does not imply endorsement by Cornell Cooperative Extension. Check with folks located in the area near where you farm to find insurance agents and underwriters who specialize in farm policies.





Farm Vehicles

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Dept of Motor
Vehicles and Dept
of Transportation
Requirements

Registration

Pulling a trailer
with a combined
weight greater than
10,000 lbs, or a
heavy farm vehicle
over 10,000lbs for
commercial farm
business

Operating a truck
and/or trailer with
a Gross Combined
Vehicle Weight
(GCVW) greater
than 26,000 lbs

Moving Tractors and
Other Farm Equipment
on Public Roads

Important Exception

Transportation
of Hazardous
Materials on Public
Roads

Tractor and
Machinery
Certification for
Youth

Dept of Motor Vehicles and Dept of Transportation Requirements

Registration

Trucks and trailers used for farm purposes can usually be registered with the DMV under the "Agricultural" class (Note that this is different than the "Farm" class). Details about requirements, fees, insurance, and inspection are here: <https://dmv.ny.gov/registration/about-agricultural-and-farm-vehicles>

A Covered Farm Vehicle is defined as a vehicle or combination of vehicles registered in this state which must:

- Be operated by the owner or operator of a farm or ranch, or an employee or family member of an owner or operator of a farm or ranch
- Be used to transport agricultural commodities, livestock, machinery or supplies to or from a farm or ranch
- Not be used for for-hire motor carrier operations, exclusive of operation by a tenant pursuant to a crop share agreement to transport the landlord's crop
- Not be used to transport hazardous materials.

The CFV- 1 form designates the vehicle as a covered farm vehicle (Note that this form does not need to be submitted; you can just fill it out and carry it in the glove box). Download copies of the CFV-1 from the DMV website at Designation as a New York State Covered Farm Vehicle (pdf) (CFV-1), or obtain them at your local DMV Office.

The Covered Farm Vehicle designation means that you are exempt from needing a commercial driver license (CDL) to operate a covered farm vehicle, unless the Gross Combined Vehicle Weight (GCVW) exceeds 26,000lbs. It also means that you are exempt from some federal regulations related to hours of service, medical certification, drug testing, and maintenance requirements (State requirements still apply).

When pulling a trailer with a combined weight greater than 10,000 lbs, or a heavy farm vehicle over 10,000lbs for commercial farm business, you should:

- Complete a CFV-1 (Covered Farm Vehicle) form and keep it in your glove box <https://dmv.ny.gov/registration/about-agricultural-and-farm-vehicles>
- Get a USDOT number and display it on the side of your truck with Farm name (Font must be at least 2" tall, visible from 50' distance). This information can be on magnetic signs because it is only required to be displayed when operating a vehicle or combination of vehicle and trailer with a Gross Combined Vehicle Weight (GCVW) greater than 10,000 lbs. There are additional vehicle marking requirements if operating in NYC. <https://www.dot.ny.gov/divisions/operating/osss/truck/registration-licensing>
- Pull into Weigh stations when they are open - Although the CFV is not subject to normal roadside inspection, Covered Farm Vehicles should pull into safety checkpoints if the points are active.
- If you are a CFV with less than 26,000 lbs GCVW, you don't need to have a log book for driving hours anywhere in the US (exempt from Hours of Service requirement).

When operating a truck and/or trailer with a Gross Combined Vehicle Weight (GCVW) greater than 26,000 lbs:

- All of the above applies, AND
- If vehicle or combo of vehicle that would normally require a CDL license (i.e. GCVW >26K) is only operated 150 mi radius from the farm, you do NOT have to have a CDL.
- If you are operating a class B configuration (truck over 26,000 lbs) or a class A (trailer over 10,000 lbs and combination is over 26,000), you are exempt from needing a CDL if you have a Farm A or Farm B license and only operate within 150 miles of the farm.
- If you go beyond the 150 mile radius, you must have a CDL and you will be subject to the federal Hours of Service requirement.

Moving Tractors and Other Farm Equipment on Public

Roads

The "slow moving vehicle" emblem, a fluorescent or reflective orange triangle, must be displayed on the rear of vehicles drawn by animals, and most farm vehicles and construction equipment. It must be displayed on all equipment designed to operate at 25 mph or less, whether self-propelled or used in combination. These signs fade with time, so it is recommended to replace them every 2-3 years. The emblem must be displayed separately on each piece of equipment, whether self-propelled or used in combination as per VTL 375-36(b).

It is unlawful to operate agricultural equipment on any public highway between 30 minutes after sunset and 30 minutes before sunrise or at any time when visibility ahead or behind is less than 1000 feet, unless the equipment is equipped with approved working lamps. If on a public highway after dark, requirements include:

Note: When you register to get a USDOT number, you may be contacted by 3rd party services pressuring you to enroll in Drug and Alcohol Supervisor training, General regulatory and compliance support, Unified Carrier Registration Compliance, or other services. Please be aware that legitimate government agency representatives will not robo-call you, solicit credit card numbers via phone, or charge a fee for required forms.

For additional information on SMV emblems, please refer to: State Vehicle and Traffic Regulations

Title 15, Part 68
– Slow-Moving Vehicle Emblem (15 NYCRR 68)

For additional information on required lighting equipment, refer to: State Vehicle and Traffic Regulations

Title 15, Part 43
– Motor Vehicle Lighting (15 NYCRR 43.9)

Section 43.9
– Lighting Requirements on Agricultural Equipment

These regulations can be found by visiting: <http://government.westlaw.com/linkedslice/default.asp?SP=nycrr-1000> and selecting the Department of Motor Vehicles

- Two white headlights on front of tractor at the same height and as far apart as practicable
- One red tail lamp at the farthest end (tractor or implement) and as far apart as practicable
- Two amber combined hazard warning and turn signal lamps at least 42 inches high at the same level, visible from front and rear. If just a tractor, these lights can be on the cab. If traveling with an implement, these lights need to be mounted at rear of implement
- Two red reflectors at the rear of the implement, at the same level and as far apart as practicable

Important Exception

If the width of tractor/implement combination is between 12 and 17 feet, you cannot travel on public roads after dark. When traveling during daylight, red or orange fluorescent flags not smaller than 18 square inches and reflectors need to be placed at extreme corners of the load. In addition, 2 amber lights or hazard lights visible from the rear of the load must be flashing. If the vehicle or implement extends beyond the center line or is traveling during inclement weather, the implement should be preceded by an escort vehicle with a warning sign and flashing lights.

Transportation of Hazardous Materials on Public Roads

A farmer who is operating as a private business (not for hire) is exempt from vehicle placarding and marking regulations when transporting an agricultural product (hazardous material including fertilizers, pesticides, fuel, etc.) over local roads between fields utilized by the farm.

Tractor and Machinery Certification for Youth

New York State 4-H Youth Development provides Tractor and Machinery Certification for youth 14 years and older. This certification allows 14 and 15-year-olds to legally operate tractors and machinery while off the family farm. Farm safety awareness is a major focus. <https://nys4-h.org/risk-management>





Zoning Regulations and Farming

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Municipal Zoning Laws

NYS Building Codes

Local Laws and
Agricultural
Districts:
Guidance for
Farmers and Local
Governments
[http://www.
agriculture.ny.gov/
AP/agservices/
new305/guidance.
pdf](http://www.agriculture.ny.gov/AP/agservices/new305/guidance.pdf)

Mail a Request
for Review:
NYS Dept. of
Agriculture &
Markets Div.
of Agricultural
Protection &
Development
Services

10 B Airline Drive
Albany, NY
[http://www.
agriculture.ny.gov/
AP/agservices/
agdistricts.html](http://www.agriculture.ny.gov/AP/agservices/agdistricts.html)
518-457-2713

Municipal Zoning Laws

If you plan to build a new farm facility, establish a retail farm outlet, add worker housing, add horse boarding/riding facilities, etc., check with your local municipality to find out which laws apply. Some common restrictions and requirements might include: road setbacks, lot size, dimensions, signage size and placement, site plan requirements, screening, etc.

Farms located in certified agricultural districts are generally exempt from many local and some state regulations including SEQRA (State Environmental Quality Review), some building codes, and from the need to provide professionally stamped plans for farm buildings, etc. Contact your county planning or assessment departments to see if the property of interest is in an agricultural district.

If you are located in an agricultural district and find local zoning to be excessively restrictive to your farm development plans, check the NYS Dept. of Agriculture & Markets website for information on local laws and the agricultural district law and how they relate. In many cases, the Agricultural District law protects farm operations from restrictive local laws. For more information, access the following document from the Ag & Markets website:

A process exists by which you can request an opinion from NYS Dept. of Agriculture & Markets Agricultural Protection Program staff to make a determination if a local law is restrictive to farming. It is suggested that you call the staff and discuss the matter with them prior to filing an official request for assistance (see telephone number listed below). Formal requests for assistance must be made in writing and include details on local restrictions and requirements as evidenced in zoning code or some other ruling.

If you are not located in an Agricultural District then you must comply with local regulations.



NYS Building Codes

Farm buildings are exempt from the building code for construction. To learn about whether or not your farm is exempt from the property maintenance and some fire safety code requirements, contact:

New York State Department of State Code Enforcement and Administration

One Commerce Plaza
99 Washington Ave, Suite 1160
Albany, NY 12231

Phone: 518-474-4



Legal Aspects of Rural Living

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Boundary Fences and Trees

Fencing for Livestock

Riparian Rights

Posting and Trespass Law

Landowner Liability

Right to Farm Laws

Farm Neighbor Relations

Flood Plain

Laws are constantly changing and vary by municipality. For state-wide legislation relating to fences, see New York State Agriculture and Markets circular 937, which gathers Article 18 of the Town Law, Section 95 of the Agriculture and Markets Law, and Section 52 of the Railroad Law. <https://on.ny.gov/2D6Zgem>

The following are some general guidelines to know when living in the country:

Boundary Fences and Trees

In NYS it is the duty of both adjoining landowners to maintain a fence line and one party may not remove a fence without the permission of the other. The same applies to trees; however, a property owner may trim the branches of a tree hanging on their own side of the property so long as the trimming does not result in damage to the tree.

Fencing for Livestock

Fences intended to contain livestock must be constructed of materials that will restrain them. If you have animals, let your neighbors know and provide them with contact info in case the animals get out or if they see something amiss.

Riparian Rights

If your property includes a waterway, you have the right to use a reasonable amount of water but you are liable for water pollution. You may not impede the flow of a stream or divert it from its original channel where it flows into the next owner's property. If a body of water is navigable, the public has the right to use water regardless of the owner. If a body of water is not navigable, the riparian owner may exclude public use. If a stream is classified as a trout stream, it may not be altered under NYS DEC law without a permit, and according to fish and game law the land may not be posted.

Posting and Trespass Law

Owners or others with exclusive rights to property may post the boundaries warning that if a person enters the property they are trespassing. Trespassers must leave the property if the owner so orders and they may be charged with a criminal violation. If not posted, the trespasser can argue that they thought the land was public. If a trespasser refuses to leave, a sheriff should be called to make an arrest.

Posting requirements include:

- At minimum 11-inch square sign with lettering to occupy 80 square inches exclusive of the name and address
- The word POSTED in caps and the name and address of the owner
- Signs must be located at property boundaries and corners and be conspicuously placed not more than 660 feet apart
- Illegible or missing signs must be replaced at least once a year.

Landowner Liability

This is a very complicated issue and the best protection is risk management, insurance and posting. While trespassing is illegal, it is also illegal for the property owner to harm the trespasser. If you give permission to someone to use your land for any purpose, it is advisable to warn them of hazards on the property. Additionally, if you allow others to swim on your property, you are responsible for their safety and hygiene (e.g. toilets).

Right to Farm Laws

The NYS Agricultural District Law has a provision that protects farmers against nuisance lawsuits and protects the right to farm, provided that sound agricultural practices are followed. Many municipalities also have right-to-farm laws with additional provisions meant to protect farmers. Check with your town officials to see if such a law exists in your municipality.

Farm Neighbor Relations

A way to avoid problems that may arise from the above situations is to let your neighbors know what you are doing on your farm and what to expect. If you have to operate for long hours during planting and harvest season or will be spreading manure, let your neighbors know. Communication goes a long way towards avoiding complaints about noise, dust, odor, livestock hazards, or farming practices. Increasingly your farming neighbors will have had no exposure to living in the country

and you can help educate them about agriculture and where food comes from by letting them know what you do.

Flood Plain Considerations

If your land is in a flood plain, you are allowed to farm it but may need a permit from your town, village or city if you plan to

1. significantly change the topography
2. install fencing which can catch debris and therefore impede flood waters, or
3. build a barn or other structure.





Environmental Regulations

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Agriculture Environmental Management (AEM)

Laws and Regulations

Pesticide Application

Becoming Certified

To be eligible for certification:

To become certified:

Worker Protection Standard (WPS)

Recertification

Credits for Private Recertification:

Agriculture Environmental Management (AEM)

www.nys-soilandwater.org/aem/index.html

In order to be successful in the long-term, every farm must sustain or improve its soil, water, and plant resources. Beyond regulatory compliance, it is to a farmer’s advantage to incorporate good environmental management practices during their initial planning, rather than confronting costly mitigation measures later. Whether at the early planning stages or when seeking improvements to current environmental management, AEM operates through a purely voluntary and confidential approach at the county level through Soil and Water Conservation District (SWCD) offices. One-on-one assistance is generally available to walk your land with you to assess existing stewardship as well as areas of concern and to help you further advance environmental management on your farm. These offices will also have information on funding sources (grants, loans, cost-shares) for implementing conservation practices on your farm.

Locate your local county SWCD office at: www.nys-soilandwater.org/contacts/county_offices.html

Laws and Regulations

There are several laws that may impact your ecological management, mostly when it comes to how your management decisions impact others downstream of your farm:

Farmers must comply with New York State water regulations to protect surface and ground water from contamination from eroded soil, pH, fecal coliforms, excessive nitrate and phosphorus levels. If the Dept. of Environmental Conservation (DEC) determines that you are the cause of a water quality violation, your farm will be subject to a fine and farming practices may be restricted or prohibited. This law applies to all land owners and farm operators.

<http://www.dec.ny.gov/chemical/23853.html>

NYS Water Quality Regulations

Concentrated Animal Feeding Operation (CAFO) Regulations

Farms with large numbers of animals (e.g. 300+ mature dairy cows) must have a Concentrated Animal Feeding Operation (CAFO) permit.

Details of a permit:

- Requires a comprehensive nutrient management plan to be completed and updated annually by a certified Agricultural Environmental Management Planner. Plan covers animal manure, wastewater, silage leachate run-off and more.
- Requires expansion to be planned and limited by the farms ability to handle nutrients/wastes produced.
- Does not protect the farm in the event of a manure spill or discharge. If a spill takes place the farmer has 24 hours to report it to the state and 5 days to file a written statement on what happened.

<http://bit.ly/2Mr7EoF>

Conservation of Wetlands and Highly Erodible Lands Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS)

Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions of the Food Security Act of 1985 aim to reduce soil loss on erosion-prone lands and to protect wetlands for the multiple benefits they provide. HELC and WC provisions apply to all land that is considered highly erodible or a wetland, and that is owned or farmed by persons voluntarily participating in USDA programs.

Activities not allowed under HELC and WC:

- planting an agricultural commodity on highly erodible land or a converted wetland
- converting a wetland to make agricultural production possible
- creating new drainage or modifying, improving, or maintaining existing drainage
- conducting land leveling, filling, dredging, land clearing, or stump removal of trees

Producers who are enrolled in USDA programs and planning to conduct activities that may affect their HEL or WC compliance must notify the FSA by filing form AD-1026. FSA will notify the NRCS, which will then provide highly erodible land or wetland technical evaluations and issue determinations if needed.

For more information, contact your local Farm Service Agency (FSA) office or visit: <https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/alphabetical/camr/>

<div data-bbox="99 88 410 1044">Navigable Waters Law</div> <div data-bbox="99 1044 410 1923"><p>Pesticide Applicator Certification:</p><p>For more information on becoming certified, visit the DEC’s website: http://www.dec.ny.gov/permits/45618.html</p></div>	<p>Under Section 10 of the Rivers and Harbors Act of 1899, the U.S. Army Corps of Engineers (Corps) has regulatory authority over any temporary or permanent structures constructed in, over, or under navigable waters of the United States. Under Section 404 of the Clean Water Act, the U.S. Army Corps of Engineers regulates the discharge of dredged or fill material into waters of the United States, including freshwater wetlands. Certain types of activities, such as land-clearing using mechanized equipment and/or sidecasting, in a jurisdictional water would likely be regulated under Section 404 of the Clean Water Act.</p> <p>Many normal farming activities, such as such as plowing, seeding, cultivating, minor drainage, and harvesting for the production of food, fiber, and forest products, or upland soil and water conservation practices on established, on-going farming or ranching operations are exempt from Corps permitting requirements under the Clean Water Act. However, discharges that bring an area into agriculture or back into agriculture if it has been abandoned or fallow may require a permit from the Corps of Engineers.</p> <p>Pesticide Application</p> <p>When using pesticides, the Label is Law – make sure you read it!</p> <p>Becoming Certified</p> <p>Any farmer using restricted use pesticides to protect crops and animals from pests on property owned or rented for the production of an agricultural commodity is considered a “private” applicator, and must become certified by the DEC and show their pesticide license when purchasing these products. General use pesticides, considered to be safer and in general use, do not require applicator certification for purchase and use.</p> <p>Pesticide application laws apply to organic production too! http://pesticideresources.org/wps/jfy/agemp/organic.html</p> <p>To be eligible for certification:</p> <ul style="list-style-type: none">• Must have at least one season’s experience working with the crops, livestock or stored products on which you will use pesticides and be at least 17 years of age	<p>https://www.lrb.usace.army.mil/Missions/Regulatory.aspx</p> <p>https://www.nan.usace.army.mil/Missions/Regulatory/</p>	<p>To become certified:</p> <ul style="list-style-type: none">• Must take an exam based on information in the Pesticide Training Manual (Core Manual)• Additionally, there are questions pertaining to the situation in which you use pesticides (Category Manual) <p>You can obtain manuals through county Cooperative Extension offices. Cooperative Extension also offers pesticide applicator training programs or you may study on your own and make an appointment with the DEC to take the exam.</p> <p>Worker Protection Standard (WPS)</p> <p>If you have employees who will be applying pesticides for your operation, you are required to provide proper training on safe handling and application of these chemicals. See all requirements here: https://www.epa.gov/pesticide-worker-safety/agricultural-worker-protection-standard-wps#requires</p> <p>Recertification</p> <p>During the 5 years that you are certified, you must obtain continuing education credits toward recertification. Credits can be obtained by attending meetings where pest management topics are discussed and credits offered.</p> <p>A “Course Calendar” can be found at: http://psep.cce.cornell.edu/certification/Recertification.aspx</p> <p>Search the database of NYSDEC approved courses in your area.</p> <p>Credits for Private Recertification:</p> <ul style="list-style-type: none">• 8 for Agricultural Animal (Livestock & Poultry) and Aquatics• 10 for Agricultural Plant (Field & Forage, Fruit, Vegetable, Greenhouse & Florist and Nursery & Ornamentals)• Credits must be earned in more than one calendar year and consist of at least 25% category-specific training in each category of certification <p>You are obligated to keep records of the credits you receive and turn in record sheets to DEC when they notify you that your license is about to expire. If you do not have the required credits, you will have to take the exam again.</p>	<p>For Questions about the Certification Process and Exams:</p> <p>Call the Department of Environmental Conservation office in your region.</p> <p>For NYS, regional DEC office contact information can be found at: http://www.dec.ny.gov/permits/45618.html</p> <p>Upon passing the exam, your certification is valid for 5 years. There is a fee for the exam and for the certification license.</p> <p>For Information on Manuals and Training:</p> <p>Contact your county Cooperative Extension office, or the Pesticide Management Education Program</p> <p>607-255-1866, http://psep.cce.cornell.edu/certification/Certification.aspx</p> <p>PMEP_Webmaster@cornell.edu</p>
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Forest Land Resources

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Assistance for Forest Owners

Agroforestry and Maple Syrup Production

Forestland Tax Exemption – 480-a

Agricultural Assessment for Maple Production

Assistance for Forest Owners

Woodlands are a valuable asset that if properly managed can provide harvestable timber, firewood, and agroforestry products. If the land you own includes woodlands, it pays to become informed about this asset. Following are agencies and organizations that are available to assist you:

Master Forest Owner (MFO) Volunteers

Volunteers are trained by Cornell Dept. of Natural Resources and are available in nearly every county to provide answers about forest management questions. They are a great resource for the new forest owner and can offer practical advice on questions pertaining to woodlot management, timber harvesting and other topics.

Find MFO at:
<http://blogs.cornell.edu/ccemfo/>

NY Forest Owners Association (NYFOA)

The NY Forest Owners Association promotes sustainable woodland practices and improved stewardship on privately owned woodlands.

To become a member, contact NYFOA at 800-836-3566 or www.nyfoa.org

NYS Dept. of Environmental Conservation Division of Lands and Forests

DEC Foresters will prepare Forest Management Plans that identify your woodland resources and provide management options.

Contact the regional office that covers your county and request the assistance of a DEC Forester:
www.dec.ny.gov/lands/4972.html

DEC Saratoga Tree Nursery	<p>Tree seedlings are available for small planting and reforestation projects. Generally, orders need to be placed by mid-March and will be shipped in April.</p> <p>Species available from the above sources include: conifers, hardwoods, and mixed packets for wildlife or other conservation purposes.</p>	<p>Call 518- 581-1439 or visit: www.dec.ny.gov/animals/7127.html</p> <p>Many county Soil and Water Conservation District (SWCD) offices also sell tree seedlings</p>
Cornell Forest Connect	<p>ForestConnect is an education and applied research program of Cornell University and Cornell Cooperative Extension. The goal of ForestConnect is to support the sustainable production of private woodlands in New York (and beyond) through the provision of educational assistance.</p>	<p>http://cornellforestconnect.ning.com/</p>

Agroforestry and Maple Syrup Production

Interested in knowing the potential of your woodlands for products other than timber and firewood? At the following sites you can explore the possibilities for producing maple syrup, cultivating ginseng, goldenseal, mushrooms, native plants or other forest crops as part of your farm operation:

- Cornell Maple Program
<http://www.cornellmaple.com>
- Forum for maple producers to share ideas and equipment
<http://www.mapletrader.com>
- Cornell's Forest Farming Resource Center
<http://www.hort.cornell.edu/forestfarming/>
- Agroforestry Resource Center, Greene County
<http://www.ccecolumbiagreene.org/>
- Agroforestry Overview, ATTRA
http://www.agmrc.org/media/cms/agrofor_A18CE08578D41.pdf

Forestland Tax Exemption – 480-a

Privately owned forestland can be partially exempted from taxation but is liable for special levies/assessments under a state law called 480a. The exemption is limited to the lesser of either:

1. 80% of the assessed value of eligible acreage or;
2. The amount by which the assessed value exceeds \$40 x the state equalization rate x number of acres

To Receive the Exemption:

First Year:
Complete Form RP-480, must be accompanied by a 10-year commitment form from DEC and a certificate of approval from the county clerk's office– take these forms to your county/town assessor by the taxable status date (March 1).

Subsequent Years:
File a new copy of the 10-year commitment form with the assessor. If you fail to file the commitment form, the property is not eligible for the exemption.

For more information on this program, contact a DEC Forester in your region:
www.dec.ny.gov/lands/5236.html

To qualify for the exemption:

- Requires an annual commitment to continued forest crop production for the next 10 years
- Forests must be under a forest management plan approved by DEC
- Must include at least 50 contiguous acres of forest land (roads, rights-of-ways, energy transmission corridors, etc. are included)
- Must have vehicular access for forest management purposes
- Any timber harvest within 3 years prior to application for certification under this program must have been conducted in accordance with sound forest management practices
- Prescribed cutting may be required by DEC plan

Agricultural Assessment for Maple Production

If you tap the maple trees on your forestland or lease your forestland to another maple producer, you may be able to qualify for an agricultural assessment. This program does not require that a landowner develop or follow a written forest management plan and is less restrictive than 480-A. Please refer to the Agricultural Assessment section in Property Tax Exemption for Farmland (Fact Sheet #21) for details on this program. If a landowner qualifies for agricultural assessment on their open land, they can also include up to 50 acres of attached woodland. However, maple syrup production is the only use of forestland that will qualify a landowner to receive agricultural assessment on its own.

Leasing forestland to a maple producer is an attractive option for landowners who would like to have their trees tapped but do not have the ability or desire to do the work themselves. Oftentimes the tax savings of qualifying for ag assessment is more lucrative than the lease fees provided by the producer. This requires a 5-year written contract with a maple producer who meets the minimum sales requirements for ag assessment.





Business Plans

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What is a Business Plan?

Helpful Publications for Writing a Business Plan

What is a Business Plan?

A business plan is a document that helps you to organize and succinctly summarize the vision you have for your business. The plan contains the operational and financial objectives of a business, the detailed plans and budgets showing how the objectives are to be realized.

A good business plan will contain the following:

- Your business vision, mission statement, key values, and goals
- Description of the product(s) you intend to produce
- Strengths, Weaknesses, Opportunities and Threats the business may experience are described
- Production plans
- Marketing plans
- Estimated start-up costs
- Information on your legal structure and management team
- Current financial statements or projected financial statements.
- Resume or brief explanation of your background and relevant experience
- Less than 10 total pages so that people actually read it

Helpful Publications for Writing a Business Plan

General Business Resource Publications

- Starting an Ag-Business? A Pre-Planning Guide
http://publications.dyson.cornell.edu/outreach/extensionpdf/2004/Cornell_AEM_eb0408.pdf
- Business Transfer Guide: Junior Generation
<http://publications.dyson.cornell.edu/outreach/extensionpdf/2016/Cornell-Dyson-eb1605.pdf>
- Producing a Business Plan for Value-Added Agriculture
http://publications.dyson.cornell.edu/outreach/extensionpdf/2007/Cornell_AEM_eb0708.pdf
- Business Planning for the Agriculture Sector: A Guide to Business Plan Development for Start-up to Mid-size Operations
http://publications.dyson.cornell.edu/outreach/extensionpdf/2010/Cornell_AEM_eb1002.pdf

- Building a Sustainable Business (Sustainable Agricultural Research Education (SARE) Publications)
www.sare.org/publications/business.htm
280 pages of education and practical exercises to guide you through the financial, management, and interpersonal skills needed to start a successful farm business. Order hard copy for \$17 or download PDF online for free.

Cornell Cooperative Extension Publications for Specific Commodities

- Landscape Business Planning Guide
http://publications.dyson.cornell.edu/outreach/extensionpdf/2003/Cornell_AEM_eb0313.pdf
- Writing a Business Plan: A Guide for Small Premium Wineries
http://publications.dyson.cornell.edu/outreach/extensionpdf/2002/Cornell_AEM_eb0206.pdf
- Writing a Business Plan: An Example for a Small Premium Winery
https://ageconsearch.umn.edu/bitstream/122203/2/Cornell_AEM_eb0207.pdf

Getting Help Writing a Business Plan

Cornell Cooperative Extension	<p>The type of programming offered in each county is unique so contact your county extension office to see if they have a farm management or small business development educator. Often these educators offer business plan workshops and are willing to advise, review, or assist in writing your plan.</p> <p>Additional economic data and marketing tools can be found at the following website: https://dyson.cornell.edu/outreach/extension-bulletins</p>	www.cce.cornell.edu/ editor/show/In_Your Community
Cornell Small Farms Program Online Course BF 202: Business Planning	<p>The Cornell Small Farms Program offers 20+ online courses every year on many topics related to the production and business sides of farming. Most are taught by Cornell Cooperative Extension educators. BF 202 is a 6-week course that will guide you through the process of writing your business plan, with weekly live webinars and feedback on your plan from an experienced farmer.</p>	https://cornell-small-farms-program. teachable.com/p/ bf-202-writing-a- business-plan/
New York State Small Business Development Center	<p>A network of 23 regional centers delivering business counseling and training free of charge to New Yorkers who want to start a business or improve the performance of an existing business.</p>	www.nyssbdc.org

NY FarmNet	New York FarmNet has business plan writing publications (listed earlier in this fact sheet) in addition to farm counselors throughout the state who offer free and confidential help on any topic of concern, including: finances, farm changes, farm transfer, natural disaster, personal stress, family communication, and marital conflict.	www.nyfarmnet.org
Empire State Development's Entrepreneurial Assistance Program	Part of New York State's economic development agency, they have 9 centers across the state to provide specialized help to women, minority group members and persons with disabilities who are starting or operating an early stage business.	1-800-STATE NY http://www.empire.state.ny.us/BusinessPrograms/EAP.html
SCORE "Counselors to America's Small Business"	SCORE is a nonprofit organization offering free business advice and training by experienced volunteers. Check the website for chapters in your area.	www.score.org
Federal Small Business Administration	Federal agency with offices throughout the state providing counseling services and loan guarantees. They have a special emphasis area to work with women, minorities, veterans, and businesses involved in international trade.	www.sba.gov/ny
AgPlan	AgPlan is powerful website developed by the Center for Farm Financial Management at the University of Minnesota to help rural businesses develop a business plan.	https://agplan.umn.edu/
USDA New Farmers Website	USDA's New Farmers Website provides a portal to various sites providing technical assistance for planning a business.	https://newfarmers.usda.gov/technical-assistance-planning-your-business





Business Structures

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Registering Your Business Name

Business Structures – Legal Organization

Sole Proprietorship

General
Partnership

Limited Partnership

Limited Liability
Company (LLC)

Business C
Corporation

Business S
Corporation

Cooperative

For More Information:

Forming a Business in NY: An Overview

This brochure by the NY Dept. of State has information on six types of business structures including what forms need to be filed, the business's lifespan under that structure, personal liability and tax information.

<http://www.dos.ny.gov/corps/pdfs/formingbus.pdf>

Registering Your Business Name

If a farm is operating as a sole proprietorship and is using a farm name that does not include the business owner's real name, then registration of the business name is required. This is intended to help the public identify who owns a particular business. "Assumed Name" certificates—more often called "Doing Business As" (DBA) Certificates are filed with the county in which the business is located. If a farm (sole proprietorship, LLC, or any other structure) also does business under a name other than the official name, then a separate name filing is required. For example, if Perfectly Picked Produce, LLC launches a brand named Perfectly Picked Popcorn, the latter name must be registered so the public knows that Perfectly Picked Produce, LLC is responsible for Perfectly Picked Popcorn.

Business Structures – Legal Organization

While most businesses start out as sole proprietorships or general partnerships, they may eventually find that the legal liability and tax consequences are more beneficial if operating under a different structure. New York State recognizes seven different business structures (excluding organizations such as churches and non-profits):

Sole Proprietorship

The simplest form of organization wherein an individual simply declares himself or herself a business operator. No paperwork is needed to file with government agencies to establish the existence of the business. The proprietor has personal liability for the actions and debts of the business.

General Partnership

When two or more people work together to generate a profit from their collective efforts, they have formed a general partnership. No paperwork is need to form this business and partners have personal liability for the acts of each partner.

Limited Partnership

Also known as a silent partnership wherein individuals combine resources with the

intent of generating a profit together, but where one or more partners give up any management of the business. For remaining silent in the operation, that partner generally avoids personal liability for the acts of the business. Active partners are personally liable for the acts of the partnership as a whole.

Limited Liability Company (LLC)

One or more people can form a Limited Liability Company, which protects the owners' (or members', as they are called) personal property from business liabilities, in many circumstances. An LLC is formed by filing paperwork with the state. This business structure must be maintained by filing annual tax statements and fulfilling reporting obligations. The liability protection offered by an LLC is the most secure when the business owner takes steps to separate his or her personal activities from the business activities by, for example, maintaining a separate bank account for the business.

Business C Corporation

One or more people can form a Corporation, which protects the owners' (or shareholders', as they are called) personal property from business liabilities, in many circumstances. A Corporation is formed by filing paperwork with the state. This business structure must be maintained by filing annual tax statements and fulfilling reporting obligations. The liability protection offered by a Corporation is the most secure when the business owner takes steps to separate his or her personal activities from the business activities by, for example, maintaining a separate bank account for the business. Corporations must adopt bylaws, appoint officers, and hold an annual meeting. One person may hold all officer positions.

Business S Corporation

An S Corporation is simply a business that files under the S subsection of the corporate tax code, which is named the "S" subsection for "small business." An S Corporation is not a separate business structure at the state level, and both corporations and LLCs can choose this tax status. To be eligible to file under the S section, the entity must fulfill specific IRS qualifications. The main advantage of this tax classification is the ability to avoid "double" taxation and to re-classify income as dividends, if the owner is making more than the average owner in his or her field.

Cooperative

An organization owned by members who contribute equity toward the business and share in profits generated, formed by filing with the state and has similar governance as a C corporation. Voting is either one vote per member or in proportion to patronage of the cooperative. Members have limited liability.

For More Information:

Doing Business in New York State: Structures and Strategies

Access this publication from the Dept. of Applied Economics and Management at Cornell for help on navigating the legal maze of business structures. <http://cooperatives.dyson.cornell.edu/pdf/DoingBusiness.pdf>

Farmers Guide to Business Structures:

Farm Commons has an exhaustive resource on choosing a business structure for farmers. The guide contains a flowchart to assist farmers in quickly identifying the most suitable options. It also contains detailed operating agreements, bylaws, meeting minutes and more. The guide is available as a free pdf download at Farm Commons or for purchase in print from the Sustainable Agriculture Resource and Education. <https://farmcommons.org/resources/farmers-guide-business-structures> <https://www.sare.org/Learning-Center/Books/Farmers-Guide-to-Business-Structures>



Making Money

Guide to Farming in New York State

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How Will You Know if Your Operation is Making Money?

Cash Flow

Net Worth

Profitability

Interest on Equity

Value of Labor and Management

What Does a Manager Do?

Partial Budgeting

How Will You Know if Your Operation is Making Money?

Cash Flow, Net Worth and Profit: These are the three pillars that sustain a business, and all you need for a business to thrive long term.

Cash Flow

Cash Flow tracks the cash dollars into and out of the farm business. You should be able to balance all of the money that came in and went out:

$$\text{Start-up money} + \text{Cash from operations} + \text{Borrowed money} =$$
$$\text{Cash paid on expenses} + \text{Debt payments} + \text{End of year money}$$

In horticultural operations, cash flow expenses will be high in the spring as crops are planted and income will be high in the fall when crops are sold. Therefore, cash flow requires planning and savings to be sure income covers future costs. Cash flow records are a way to keep track of your money, ensure that you can cover monthly expenses, and are crucial to long term profitability.

Net Worth

Net Worth tracks your investments in the farm in the form of the Balance Sheet.

$$\text{Net Worth} = \text{everything the business OWNS minus everything it OWES}$$
$$\text{Assets You Manage} - \text{What you Owe} = \text{Your Ownership}$$
$$\text{Assets} - \text{Liability} = \text{Equity}$$

Some assets tend to go up in value over time such as land. This is called appreciation.

Some assets go down in value over time, such as equipment. This is called depreciation. Depreciation is a measure of the wear, tear, and obsolescence of an investment.

The primary function of net worth calculations is to measure the risk-bearing ability or financial solvency of your business or, in simple terms, how much you really own

versus how much the bank owns.

Profitability

Profitability is measured with the Income Statement. It is the result of your operation's work, decisions, and return on investment.

$$\text{Value of Production} - \text{Cost of Production} = \text{Profit}$$

Profitability is harder to track as it blends cash flow and investment decisions. It also makes adjustments for family withdrawals, "free or family" labor, and return on investment.

Some examples of Good Cash Flow, but Low Profitability:

- Living off of inventories or depreciation, and not reinvesting in the operation
- Outside income or off-farm jobs that help reduce need for family living withdrawals
- Borrowing money
- Not paying bills

Some examples of Bad Cash Flow, but Good Profitability:

- An expanding business with increasing assets, but few cash sales
- High withdrawals for family living, for example, college expenses
- Paying down debt rapidly
- Buying next year's assets from this year's cash (prepay for fertilizer, etc.)
- Increase in accounts receivable (amount of money you are owed for assets that were sold)

For your tax return you may want to use cash accounting, but for profitability you want to use accrual accounting. Accrual accounting looks at changes in inventory and price; changes in accounts payable and receivable, appreciation and depreciation, unpaid labor, opportunity costs to work elsewhere, interest on equity, and your labor and management inputs.

Interest on Equity

- Can you borrow money without paying interest?
- Do you have an "opportunity" to put your money somewhere else?
- Do you want to earn interest/dividends on your money in the stock market?
- Shouldn't you earn interest on the money invested in your farm?
- Plan to pay yourself 3% minimum on your equity invested in the farm!!

Value of Labor and Management

What is the value of your efforts on the farm?

- What is the "opportunity" for you to work elsewhere?
- A simple charge for your efforts will help you find a value to evaluate your business

- What could you earn if you worked elsewhere in a similar job?

What Does a Manager Do?

Managers make the decisions about investments, and tasks. They define the mission and philosophy for the operation. They develop the plan, hire and motivate the people to implement the plan (or tell the kids what to do), invest in the assets to implement the plan, set priorities, and evaluate the results so they can adjust the plan if needed.

Partial Budgeting

Partial budgeting helps make decisions for smaller investments that do not affect whole farm operation. Look at the expected increases to income and decreases to expenses for a project compared to decreases in income and increases in expenses. This will help you decide how much you can invest, and the impacts on other parts of the business.

The Organic Farmer's Business Handbook:

The handbook, written by Richard Wiswall in an easy-to-read style, takes farmers through the business concepts and tools needed to become financially sustainable.

The \$32 book is available at:

<https://www.richardwiswall.com/the-organic-farmer-s-business-handb>





Record Keeping

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Record Keeping is
Good Business

Paper Records

Farm Account
Books

Excel Spreadsheets

Quick Books

Farm Records
Service

Record Keeping is Good Business

At a minimum your farm will need a record keeping system for tax and legal compliance and it is highly recommended that you also keep yield and other farm production records that might be useful to making decisions on the farm. For example, many growers keep weather logs so that they can evaluate their practices and yields and then make better growing practice and crop variety decisions for the coming year. You also might consider creating columns or breakouts for your most expensive or profitable enterprises to keep track of profits, and doing an hourly break down periodically to see how much time you or your employees are using on particular enterprises. Many tools are available at the Cornell Small Farms Program website:

Improving Profitability Tutorial

<https://smallfarms.cornell.edu/plan-your-farm/achieving-or-improving-profitability/>

Paper Records

Small farms and many businesses just starting out use the shoebox, or folder, method of accounting. Keep all sales receipts in one folder, expense receipts in another, maintain a capital asset depreciation log, and you may have additional folders for farm yield or other data important to the year. The advantage of this system is that it is simple and easy to do. The disadvantage is that the data is not well organized so when you need farm information you often have to sort through piles of paper and do all computations by hand.

Farm Account Books

Cornell and many accounting services have pre-formatted account books with categories common to agriculture and additional areas for yield and capital asset data. These are typically of nominal cost (\$10-\$20). The advantage of the farm account book is that it is easy to understand and the information is well laid out in case you need to access it later. The disadvantage is that the information may not be laid out how you as a manager would like it, may be hard to find, and it is still a hand-entry accounting system so entering farm information may take several hours per week.

To order the Cornell Dairy Farm Account Book, contact The Cornell Store:

(\$24) <https://www.cornellstore.com/Cornell-Dairy-Farm-Account-Cream-Cover>

(\$15) <https://www.cornellstore.com/Cornell-Classical-Farm-Account-Green-Cover>

(continued)

Excel Spreadsheets

If you can use a basic spreadsheet in Excel or a similar program, this is a good compromise between paper systems and more sophisticated recordkeeping programs. Many new farmers start out with a simple spreadsheet like this one from Cornell: https://blogs.cornell.edu/smallfarms/files/2017/12/HT_Cornell_Account_Book_monthly-1nyhir8-1-19aa59h-17fomj8.xls, which is intended for high tunnel crop producers but can be adapted for any operation. If you don't need to generate invoices and have a relatively simple, small operation, a spreadsheet like this may serve your needs well for many years.

Quick Books

The most common software program for financial management is QuickBooks; however, there are more expensive industry-specific programs specifically designed for dairy farms or wineries, for example. (Try searching online for "winery financial management software.") If you are intimidated by QuickBooks, try their SimpleStart program from Intuit (search for this online). It's free and is a good way to ease into using QuickBooks. If you are ready to upgrade at any point, you'll be able to transfer your records seamlessly into the full QuickBooks program. The Cornell Small Farms Program offers an online course called BF 204: QuickBooks for Farmers: <https://cornell-small-farms-program.teachable.com/p/bf-204-quickbooks-for-farmers>

Check out your local credit unions, banks, and Cooperative Extension to find out if they offer any in-person QuickBooks trainings.

Farm Records Service

Some farmers choose to mail all invoices to an accounting service where the accountant will enter the information into a computer records system, provide you with detailed monthly business statements, and perform all tax functions. Farm Credit East at www.farmcrediteast.com/ is one company that provides these services.

The advantage of this system is that it provides a person who does not have the time, understanding of accounting, or computer skills the highest level of records information. The disadvantage is that this system has the highest cost and the monthly business statements take a few weeks to process and get back whereas the person utilizing an on-farm computer records system will have those statements in real time.

A Cornell Beef Farm Account book is also available. To purchase a copy (\$10 plus shipping) contact:

Cornell Cooperative Extension
Albany County

518 765- 3518

24 Martin Road,
Voorheesville, NY
12186



Income Taxes

Guide to Farming in New York State

Factsheet Overview

Federal Income Tax
Schedule C or F
Depreciation
Capital Gains
New York State
Income Tax
Farmers' School Tax
Credit
Eligibility
Tax Preparation

Federal Income Tax

Schedule C or F

When you sell livestock, produce, grains, or other products, the entire amount you receive and the costs associated with its purchase and production should be reported on a Schedule F income tax form.

If your business activities were non-agricultural, they must be reported on a Schedule C. An example of non-agricultural business would be a produce retailer who purchased wholesale and sold retail and did not grow anything. If your farm has a sub-enterprise like a gift shop, restaurant, or bed & breakfast then the income and costs associated with that activity would have to be reported on a Schedule C.

It is generally advantageous to report farm income and expenses on a Schedule F because farms are allowed to use cash accounting and most other businesses are required to use accrual accounting. In cash accounting you report the income and expenses as they are actually received or paid, whereas in accrual accounting you report the income and expenses at the time they occur.

Example: you spend \$5,000 in 2016 to fill the fuel tanks at your farm and at the end of the year the tanks still have \$3,000 of fuel in them. In cash accounting, you report a \$5,000 expense on your 2016 income tax return and in accrual accounting you can only report a \$2,000 expense. If you did not have the cash to pay the \$5,000 bill, you will not be able to report any expense on your tax return using the cash method but you would still be able to report a \$2,000 expense on your income taxes using the accrual method if you did not pay the bill.

Depreciation

Depreciation is the depleted value of an asset with an expected useful life of more than one year.

Example: you purchase a tractor for \$50,000. You cannot report a \$50,000 tractor expense on your tax return; you must spread that \$50,000 cost over 5, 7, or 10 years.

The number of years that you must take to depreciate an asset and how you can claim in those years (e.g. straight line, accelerated, section 179, etc.) depends on the

asset class of the property in question and the characteristics of the farm.

If the asset is not held for more than one year, it cannot be depreciated. Buildings can be depreciated but land cannot. The only instance when land can be depreciated is if it is logged or mined and it can be proven that the asset value has been depleted. IRS Publication 225 Farmers Tax Guide (see below) goes into detail on how to depreciate common farm property. Pub 225 specifies that "Livestock purchased for draft, breeding, or dairy purposes can be depreciated only if they are not kept in an inventory account. Livestock you raise usually has no depreciable basis because the costs of raising them are deducted and not added to their basis."

Capital Gains

When a business asset is sold, it should generally not be listed as farm income and should be listed as a capital gain. Most capital gains tax rates are lower than income tax rates.

Example: you purchase a tractor for \$50,000, depreciate it to a value of \$0 over 4 years, and sell it for \$20,000 in year 5. The \$20,000 received is considered a capital gain.

New York State Income Tax

Farmers filing schedule F or C federal forms should transfer the information to NYS Form IT 201 if filing an individual return. Information from federal corporate tax returns should be transferred to the appropriate NY form. One NY Income Tax provision available to qualifying NY farm businesses is the Farmers' School Tax Credit that is explained below.

Farmers' School Tax Credit

The Farmers' School Tax Credit allows you to receive a tax credit on your State Income Tax equal to 100% of the school taxes paid on the first 350 acres of property and 50% of the school taxes paid on the number of acres beyond 350.

Example: A qualified 350-acre farm owes \$2,000 in State income taxes and paid \$3,500 in school taxes for the farm. They would be able to take a credit of \$3,500, which is greater than the \$2,000 owed, so they would not owe any State income taxes this year.

Eligibility

To qualify, two-thirds of your eligible gross income must be profit from farming for the past three years

- You can take a 100% school tax credit on the first 350 acres of agricultural lands owned and a credit equal to 50% of school taxes paid on the remaining land
- Woodlands used for pasture, erosion control, or windbreaks may qualify for the credit

Form to use
to Claim this
Credit:

IT 217-I for
individual filers

CT 47 for
corporations

- You can apply for 100% of the credit if your taxable income is under \$200,000 and you can apply for a percentage of the credit if your taxable income is between \$200,000-\$300,000
- Farms held as a corporation or LLC can apply for the credit
- Unused credits cannot be redeemed for cash and cannot be applied to next year's taxes

Web Resources

- IRS Publication 225 Farmers Tax Guide
www.irs.gov/pub/irs-pdf/p225.pdf
- New York Farm Bureau Farmers' School Tax Credit Fact Sheet
<https://www.nys-soilandwater.org/crep/forms/factsheet.pdf>
- New York State Department of Taxation and Finance Publication 51: Questions and Answers on New York State's Farmers' School Tax Credit
<http://www.tax.ny.gov/pdf/publications/multi/pub51.pdf>
Or call 1-800-462-8100 with questions and for publications and forms.

Tax Preparation

It is well worth the trouble to find a tax accountant experienced with agriculture to prepare your tax return. There are many tax benefits for farmers, and ways to be strategic about how you invest in your farm, and a good farm accountant will be able to give you priceless advice. Check with your local Cornell Cooperative Extension office to find out who does farm taxes in your area.





Sales Tax Exemptions/ Refunds

Guide to Farming in New York State

[www.tax.ny.gov/
pdf/current_forms/
st/st125.pdf](http://www.tax.ny.gov/pdf/current_forms/st/st125.pdf)

Assistance is
available at
800-972-1233

[http://www.tax.
ny.gov/](http://www.tax.ny.gov/)

Farm operations are exempt from paying sales tax on items used in the farming operation. None of the exemptions are automatic. You must either present an exemption certificate to the vendor when purchasing products or you can claim a refund if you have evidence to show you paid the sales tax. Forms are available on the State Dept. of Taxation and Finance website listed below. Some of the more common forms applicable to farms include:

ST-125 Farmer's and Commercial Horse Boarding Operator's Exemption Certificate

This form exempts you from paying sales tax on the purchase of tangible personal property used predominantly (more than 50%) in farm production or horse boarding. This includes:

- Building materials
- Production equipment and supplies
- Animals
- Feed
- Hardware
- Motor vehicles
- Fuel (not motor fuel)
- Gas/propane
- Electricity
- Refrigeration
- Labor and services hired for repairing, maintaining or servicing property used in farming

There are many subtle exemptions so it pays to check with the State if you are uncertain about whether an item or service you are purchasing is exempt from sales tax (and if the seller is unsure).

Copies of this form are available on the website in the margin or by calling your county extension office. Make sure you have copies of the form (ST-125) with you when making purchases. If you make numerous purchases with a particular supplier, check the box "blanket certificate" and the vendor can keep the form on file for future purchases. Page 2 of the form gives the tax department definitions of Farm Production, Farming, Predominantly, and Commercial Horse Boarding Operation.

Forms

PR-955 Claim for Refund by Farmers and Commercial Horse Boarding Operators – Sales Tax on Utilities, Fuel Oil and Motor Fuel (not for motor fuel tax)	This form may be used to claim a refund if you have paid sales tax on any of the above items. You do not have to fill out this form if you have an exemption certificate on file with the vendor. You must have receipts to justify this claim. File annually or semi-annually.	www.tax.ny.gov/pdf/memos/sales/m00_8s.pdf
FT-1004 Certificate for Purchases of Diesel Motor Fuel or Residual Petroleum Product for Farmers and Commercial Horse Boarding Operations	This form exempts you from paying sales tax on diesel motor fuel used for farming purposes. Dealers can keep this form on file (check blanket certificate) so you do not have to fill out a new form for each new purchase.	http://www.tax.ny.gov/pdf/current_forms/motor/ft1004.pdf
FT-500 Application for Refund of Sales Tax Paid on Automotive Fuels	Need to submit invoices with the refund application.	http://www.tax.ny.gov/pdf/current_forms/st/ft500.pdf
DTF-803 Claim for Sales and Use Tax Exemption -Title/Registration Motor Vehicle, Trailer, ATV, Boat, Snowmobile	This form is not used to make purchases. Restricted to transactions processed by DMV. Motor vehicles must be predominantly used in farming.	http://www.dmv.ny.gov/forms/df803.pdf
ST-126 Exemption Certificate for Purchase of Racehorses	Need a certificate for each horse.	www.tax.ny.gov/pdf/current_forms/st/st126.pdf

Need Tax Help?

Business Tax Information: 518-457-5735

Forms: 518-457-5431

Website: <http://www.tax.ny.gov/>

Telephone assistance from NYS Dept. Taxation and Finance is available Monday-Friday, 8:30 AM-4:25 PM



Labor Laws

Guide to Farming in New York State

Factsheet Overview

Interns

Workers' Compensation Insurance

The Employers' Handbook

Disability Benefits

Minimum Wage

Youth Rate Certificate for Farm Work

Youth Labor (excluding your own children)

Migrant Workers- Selected Issues

You can read more about these criteria, and the "primary beneficiary test" used in courts at this link:

<https://www.dol.gov/whd/reg/compliance/whdfs71.pdf>

Interns

If you host interns or apprentices on your farm, they must also be covered by workers' comp. Unpaid farm internships are mostly illegal. This is to say, interns and students working for "for-profit" employers should generally be treated as employees entitled to minimum wages and overtime pay under the Fair Labor Standards Act unless the following criteria have been met:

1. The internship (even though it includes the actual operation of the employer's business) is similar to training given in an educational environment.
2. The internship is tied to the intern's formal education program by integrated coursework or the receipt of academic credit. The internship accommodates the intern's academic commitments by corresponding to the academic calendar.
3. The internship experience is for the benefit of the intern, not the employer.
4. The intern should not displace regular employees but work under close supervision of existing staff.
5. The employer that provides the training derives no immediate advantage from the activities of the intern and (on occasion) its operations may actually be impeded.
6. The intern is not necessarily entitled to a job at the conclusion of the internship.
7. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

Workers' Compensation Insurance

Employers are required to have workers' compensation insurance on their workers if cash wages reached or exceeded \$1,200 in the preceding year. Coverage must be obtained effective April 1st of the year immediately following the year where the farm had \$1,200 or more of wages.

The Employers' Handbook

https://goer.ny.gov/system/files/documents/2018/12/equal-employment-opportunity-rights-and-responsibilities-handbook_1.pdf

Insurance can be purchased from the New York State Insurance Fund (<http://www3>).

nysif.com/), private insurers, or an employer can form/join a self-insurance group if they meet various requirements and post bond. Farmers can also purchase Workers Compensation Insurance through Safety Group 486, associated with the NY Farm Bureau (<https://www.nyfb.org/programs/workers-compensation>).

Disability Benefits

State law requires that employees be covered by a disability benefit if they are disabled off the job. Most workers compensation insurance will also include this. Family members (spouse or child) and farm laborers are exempt from this requirement. Farm corporate officers and office workers need disability benefits coverage. If the farm is held as a corporation or LLC then the family member exemption does not apply because no one is related to a business entity.

Minimum Wage

As of the revision date noted on the cover of this Guide, the Federal Minimum Wage is \$7.25/hr. The New York State Minimum Wage is at least \$11.10/hr with yearly scheduled increases until they reach \$15.00/hr. This wage minimum applies to regular wage jobs and piece-rate jobs on farms that paid \$3,000 in cash wages during the prior calendar year. It excludes immediate family and minors under 17 years of age employed on the same farm as their parents or guardians who are paid on a piece-rate basis at the same rate as employees over 17.

<https://www.labor.ny.gov/formsdocs/wp/LS110.pdf>

The wage order permits deductions for meals and lodging supplied by an employer, except for lodging for seasonal migrant workers. Payments in kind may be permitted at not more than the farm market value.

<https://www.labor.ny.gov/formsdocs/wp/Part190.pdf>

Employers must post a summary of the wage order in a conspicuous place in their establishment, along with a copy of the general work agreement.

Youth Rate Certificate for Farm Work

In agriculture you can legally pay children under the age of 16 (with a permit and other criteria satisfied) a minimum of \$3.20/hr for their first season of harvest; several other minimums apply depending on the work. You must file a Youth Rate Certificate to hire youth for less than minimum wage:

http://www.labor.state.ny.us/workerprotection/laborstandards/PDFs/LS415_1.PDF

If you employ your own minor age children on the farm, they are exempt from all minimum wage regulation, meaning that they can be paid any wage. This only applies to your own children; nieces/nephews or other minor age family members are subject to state wage laws.

Note that the minimum wage generally applies to anyone who does work on a for-profit farm, including interns, apprentices, and even volunteers. Non-compliance with these rules may result in back pay and fines.

For more information on upcoming Minimum Wage increases in New York State, access the following website:

New York State Department of Labor
<http://www.labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm>

For more information on minimum wage, overtime, and workers compensation, generally, see the Farm Commons resource:

Farm Employment Law: Know the rules and make them work for your farm.

<https://farmcommons.org/resources/farm-employment-law-know-basics-and-make-them-work-your-farm>

For more information on interns, apprentices, and volunteers, generally, see the Farm Commons resource:

Managing Risks of Interns and Volunteers.
<https://farmcommons.org/resources/managing-risks-interns-and-volunteers%C2%A0>

Youth Labor (excluding your own children)

You may not hire anyone 11 years or younger in New York State. 12- and 13-year-olds may work in harvest operations if they have Permit AT-25 and are accompanied by a parent during certain times of the day and year. 14- and 15-year-olds may work on farms with Permit AT-24 during non-school hours. Permits and working papers may be obtained from school offices. Farm workers under 16 are prohibited from performing farm tasks involving power machinery. 16- and 17-year-olds may work on farms without permits or working papers.

Under NYS Child Labor law, 14 & 15 year-olds are allowed to work 18 hrs/week when school is in session and 40 hrs/week when school is not in session. 16 & 17 year-olds are allowed to work 28 hrs/week when school is in session and 48 hrs/week when school is not in session. Contact your local NYS Department of Labor Office for more details: <https://www.labor.ny.gov/home/>.

Migrant Workers – Selected Issues

- Growers and processors who bring in five or more workers from out of state must obtain a Migrant Labor Registration Certificate and report wages, housing, and working condition to the state.
https://www.dol.gov/whd/forms/fts_wh530.htm
- If you plan to house five or more workers you must obtain a farm labor camp permit from the State Department of Labor.
<https://www.labor.ny.gov/formsdocs/wp/ls113.1.pdf>
- Workers must be given written notice of wages, nature of work, period of employment, transportation, housing, benefits, and more. Several Spanish/English work forms are available at:
<http://www.labor.ny.gov/formsdocs/wp/ellsformsandpublications.shtm#FarmLabor>

For More Information Contact:

NYS Dept. of Labor
518-457-9000
<https://www.labor.ny.gov/home/>.

Extension Agent Thomas Maloney
607-255-1628
trm5@cornell.edu

You can also purchase the NY Farm Bureau's Guide to Labor and Employment Laws for \$75, or \$40 for members, at https://www.nyfb.org/application/files/2215/0238/6414/Legal_Guides_Flyer_REV_03_24_17.pdf





Payroll and Worker Documentation

Guide to Farming in New York State

Factsheet Overview

- Employee or Independent Contractor
- Hiring Forms: I-9
- Payroll Service
- Which Forms to File
- Payroll Forms

Employee or Independent Contractor

Hiring labor in the State of New York imposes high liabilities and paperwork burdens on the employer. Because of this, employers may be tempted to classify their workers as independent contractors, but a person is only an independent contractor when he or she is legitimately an individual in business for himself and for hire to the general public. If there is any ambiguity on the status of the individual, courts generally interpret the individual as being an employee. If you would like a decision on if the individual is an employee or an independent contractor, file the following form with the IRS:

- IRS Form SS-8
- Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding
- www.irs.gov/pub/irs-pdf/fss8.pdf

Hiring Forms: I-9

<http://www.uscis.gov/i-9>

Employers must keep an I-9 form from the US Citizenship and Immigration Service on file for all employees. The I-9 requires copies of documentation (a driver’s license and social security card for most), and the employer should closely follow the exact instructions on the form.

Payroll Service

Given the complexities and liabilities of properly administering payroll, it is recommended that small employers hire a payroll service. This can assist the farmer with deadlines, proper handling of accounts, and avoid the need for the farmer to stay current with changing procedures.

Reference Publications:

IRS Publication 51, Agricultural Employers Tax Guide	Reference publication explaining federal regulations and contains a calendar of when forms need to be filed throughout the year.	www.irs.gov/pub/irs-pdf/p51.pdf
NYS Publication 50, Employers Guide to Unemployment Insurance, Wage Reporting, and Withholding Tax	State Reference Publication	http://www.tax.ny.gov/pdf/publications/withholding/nys50.pdf
Agricultural Employer’s Checklist 2014	Cornell Cooperative Extension publication that goes through the employee hiring process step by step.	http://blogs.cornell.edu/smallfarms/files/2014/08/2014-Employer-Checklist-2dazazm.pdf
Multiple available from Farm Commons	Farm Commons has several publications that help farmers with both the decision-making process and logistics of hiring employees	www.farmcommons.org

Which Forms to File

Which specific forms your farm is required to file depends upon the farm size and the specifics of your operation. We recommend that you seek the advice of a payroll specialist and read the reference publications listed above to determine which forms are required for your operation.

If you decide to do payroll on your own, a list of forms you should become familiar with follows. This is by no means a comprehensive list of the forms your operation needs to be compliant.

Payroll Forms

Form SS-4 Application for Employer Identification Number (EIN)	Your business must obtain an EIN if you have employees or will file for other taxes such as excise taxes.	www.irs.gov/pub/irs-pdf/fss4.pdf
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Form NYS-100 New York State Employer Registration for Unemployment Insurance, Withholding, and Wage Reporting	To be filed when you become an employer. You will be assigned an Employer Registration Number, which is separate from your federal EIN.	http://www.labor.ny.gov/formsdocs/ui/nys100.pdf
W-2	Form stating wages and withholdings made for an employee throughout the year. A copy is sent to the employee, the Social Security Administration, the IRS, the NYS Department of Taxation, and to county/local governments that have an income tax such as New York City.	www.irs.gov/pub/irs-pdf/fw2.pdf
W-3	Similar to the W-2, filed with the Social Security Administration.	www.irs.gov/pub/irs-pdf/fw3.pdf
W-4	Form filled out when an employee starts so that their employer knows to withhold the correct amount of taxes.	www.irs.gov/pub/irs-pdf/fw4.pdf
Form NYS-45 Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return	State form to be filed quarterly.	http://www.tax.ny.gov/pdf/current_forms/wt/nys45_fill_in.pdf
Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return	Required if you had cash wages greater than \$20,000 or employed 10 or more workers throughout the day for 20 or more weeks in the year.	www.irs.gov/pub/irs-pdf/f940.pdf
Form 941 Employers Quarterly Federal Tax Return	Required to report wages paid, tips received, federal taxes withheld, Social Security and Medicare withholding, and advance EIC payments for non-farm workers.	www.irs.gov/pub/irs-pdf/f941.pdf
Form 943 Employers Annual Federal Tax Return for Agricultural Employees	Form 941 for farms.	http://www.irs.gov/pub/irs-pdf/f943x.pdf
Form 1099	Must be furnished to people who received \$600 or more in non-employee compensation throughout the year.	Instructions: www.irs.gov/pub/irs-pdf/i1099msc.pdf
Form 945 Annual Return of Withheld Federal Income Tax	Used to report income tax withheld for non-payroll wages.	http://www.irs.gov/pub/irs-pdf/f945x.pdf
Form 4029 Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefit	Certain members of religious organizations (generally Amish or Mennonite in agriculture) may file this form to exempt themselves (and their employer) from Social Security and Medicare taxes.	www.irs.gov/pub/irs-pdf/f4029.pdf





Agricultural District Law Provisions

Guide to Farming in New York State

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Agricultural Districts

Agricultural
Assessment

Notice of Intent

Right to Farm

Agricultural
Enterprise
Determinations

Real Estate
Disclosure

Restrictive Local
Laws

Agricultural Districts

Article 25-AA of Agriculture and Markets Law authorizes the creation of local agricultural districts pursuant to landowner initiative, preliminary county review, state certification, and county adoption. Most counties have placed agricultural land in state certified agricultural districts. While they are county-created and state-certified, towns have no authority over agricultural districts. Agricultural districts should not be confused with agricultural zoning that may exist in some towns.

The purpose of agricultural districts is to encourage the continued use of farmland for agricultural production. The program is based on a combination of landowner incentives and protections, all of which are designed to forestall the conversion of farmland to non-agricultural uses. Included in these benefits are preferential real property tax treatment (agricultural assessment and special benefit assessment); and protection against overly restrictive local laws, government-funded acquisition or construction projects, and private nuisance suits involving agricultural practices.

Agricultural Assessment


Provides the opportunity for farmland owners to receive real property assessments based on the value of their land for agricultural production rather than its development value. (See the Agricultural Assessment Fact Sheet #21 for information).

Notice of Intent

Mandates state agencies, local governments, and public benefit corporations to avoid or minimize adverse impacts to farm operations in pursuing projects within an agricultural district which involve the acquisition of farmland or the advance of public funds for certain construction activities. Division staff conducts detailed reviews of projects and recommends actions to mitigate. Projects cannot proceed until the notice process is completed.

Right to Farm

Authorizes the Commissioner to issue opinions, upon request, concerning the



soundness of specific agricultural practices. If the Commissioner determines that a practice is sound, it shall not constitute a private nuisance. This protects farmers in cases where neighbors or others complain about farming activities.

Agricultural Enterprise Determinations

The Commissioner is authorized to issue an opinion on whether particular land uses are agricultural in nature. This provision helps determine if the agricultural district law is applicable to a particular farming enterprise that may be questioned by local authorities or others.

Real Estate Disclosure

Requires that a disclosure statement be provided at the time of real estate closing that states if the property is in an agricultural district. This notifies the new landowner that agricultural activities are to be expected.

Restrictive Local Laws

Protects farmers in ag districts against local laws that unreasonably restrict farm operations. Division staff reviews both existing and proposed laws to determine if they are compatible with farm operations. If a local law is determined to be unreasonable, staff works with local government to develop mutually accepted modifications. If a local government is unwilling to modify a restrictive law, the Department is authorized to take action to compel compliance with Ag District Law. Requests for review must be provided in writing.

A copy of the full text of the NYS Agricultural District Law can be found at: <http://www.agriculture.ny.gov/ap/agservices/25-AA.pdf> or call 518-457-7076



Ag Value Assessment for Farmland

Guide to Farming in New York State

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Agricultural Assessment

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assessment

Agricultural
assessment is
available for the
following land
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Application
Process

Rented Land

Exception from
Minimum Average
Sales Value
Requirement

Penalties
associated with
conversion of
agricultural land
that has received
an agricultural
exemption

Agricultural Assessment

Agricultural assessment allows eligible farmland located in or outside agricultural districts to be taxed at its agricultural value rather than market value. New York State allows municipalities to apply a different assessed value for land used for agricultural production. This will reduce the total assessed value (for taxation purposes only) on parcels owned by an individual. Agricultural Value Assessment has to be applied for annually.

Why apply for agricultural assessments?

It can make a difference in the amount you pay in property taxes. You will be paying taxes based on the agricultural value of land determined each year by the state, not by local market conditions. In most cases the state's values per acre are lower than your property's assessed value unless you happen to be in a county where assessed values are low.

How does the Assessment work?

The assessment you receive is the difference between the local assessed value and the state's agricultural values. The state publishes agricultural values annually for 10 soil groups and for woodlands.

To qualify for agricultural assessment:

- Must have a total of 7 acres of owned or rented land in production for sale of crops, livestock or livestock products.
- The same farmer must farm the land for at least 2 years
- A combination of farming enterprises must generate \$10,000 in total sales (average for the preceding 2 years). Up to \$2,000 in wood product sales (timber, logs, posts, firewood) can qualify towards the \$10,000 minimum.
- Start-up farms are eligible if they generate \$10,000 in sales in the first year of operation
- Farms on less than 7 acres qualify if they generate \$50,000 in sales
- If at least 7 acres of land owned by a rural landowner is rented to a farmer (who meets the income requirements), it is eligible for agricultural assessment

provided the landowner has a 5-year written lease with the farmer.

Proof of Average Gross Sales Value:

Assessors may request proof (tax returns or legitimate bookkeeping records) that you met the \$10,000 gross sales requirement.

Types of farming enterprises that can qualify for agricultural assessment:

Field crops, fruits, vegetables, horticultural specialties (nursery, greenhouse), livestock and livestock products (includes dairy, meat, poultry species, horses, and exotics like ratites, farmed deer and buffalo, fur bearing animals), maple, honey, Christmas trees, aquaculture, woody biomass (short term crops harvested for energy), commercial horse boarding operations with 10 or more horses boarded at a time. All of these enterprises must also meet the other requirements listed above.

Agricultural assessment is available for the following land uses:

- Land used in agricultural production that meets criteria – 7 acres, \$10,000 sales
- Up to 50 acres of farm woodland used for the sale of woodland products (logs, lumber, posts, firewood); must be part of the farmed parcel(s) to qualify, it cannot be a separate tax parcel
- Support land including farm ponds, drainage ditches, land used for erosion control, hedgerows, access roads, land under farm buildings and tenant houses, land used for farm waste management (manure pits, etc.)
- Land set aside through participation in federal conservation programs
- Land under farm buildings
- Land associated with oil, gas, and wind development or extraction activities
- Silvopasturing is now a permitted land use to qualify for AVA:

Here are the details:

Land used in silvopasturing shall be limited to up to ten fenced acres per large livestock, including cattle, horses and camelids, and up to five fenced acres per small livestock, such as sheep, hogs, goats, and poultry. For the purposes of this subdivision, “silvopasturing” shall mean the intentional combination of trees, forages and livestock managed as a single integrated practice for the collective benefit of each, including the planting of appropriate grasses and legume forages among trees for sound grazing and livestock husbandry.

Application Process

- Go to your county Soil and Water District Conservation office (SWCD) - complete a soils group worksheet. All land qualifying for agricultural assessment is grouped by soil type. SWCD will do this for you – there may be a fee and you will need your tax parcel numbers.
- Take the completed soils worksheet to your town/county assessor and obtain copies of the Agricultural Assessment Application (form RP-305). Complete one form for each parcel. The assessor will keep the soils worksheet on file.

Make copies of the soils worksheet and application for your records.

- Agricultural assessment applications must be filed every year prior to the taxable status date (March 1). Agricultural assessment is not automatic – you must apply every year by the taxable status date. If you fail to apply, you will not receive the exemption. If no changes have been made in land used for farming, then after the initial application, you will file a short form RP-305-r.
- If you buy or sell land, make sure you complete a new soils worksheet and file a new Agricultural Assessment form to reflect the changes.

Rented Land

Land rented to a farmer for agricultural production is eligible for agricultural assessment if the land is subject to a written lease agreement for a term of at least 5 years. A copy of the lease or form RF-305-c must be filed with the assessor. Only the land actually used by the farmer will be eligible for agricultural assessment. Woodland is not eligible unless it involves sugarbush rental. Landowners must complete the application process described above to qualify – complete the soils worksheet, go to the assessment office and complete form RP-305, and file every year before the taxable status date to receive the exemption.

Renting land to a qualifying farmer is a way for rural landowners, who do not farm, or small farmers who do not use all their land, to receive an agricultural exemption on land that is rented.

Exception from Minimum Average Sales Value Requirement

If a farm does not meet the \$10,000 gross sale value in a particular year to weather or something else, they can file form RP-305-b in order to qualify to receive AVA. Here is the description directly from the form:

“Notwithstanding any inconsistent general, special or local law to the contrary, if a natural disaster, act of God or continued adverse weather conditions shall destroy the agricultural production and such fact is certified by the Cooperative Extension service and, as a result, such production does not produce a gross average sales value of ten thousand dollars or more, the owner may nevertheless qualify for an agricultural assessment provided the owner shall substantiate in such manner as prescribed by the Office of Real Property Tax Services that the agricultural production initiated on such land would have produced an average gross sales value of ten thousand dollars or more but for the natural disaster, act of God or continued adverse weather conditions.”

Penalties associated with conversion of agricultural land that has received an agricultural exemption:

- A conversion takes place when the land is actually converted from potential agricultural use to a built structure. Land that is sold, is no longer actively farmed and lies idle is not considered to be converted until something is built on the property.
- A penalty is assessed on the amount of land that is converted. This penalty

is five times the taxes saved in the last year the land benefitted from an ag assessment, plus interest of 6% per year--compounded annually--for each year in which an ag assessment was granted (not exceeding five years) The penalty is assessed to the owner making the conversion, who may not be the farmer who sold the land but the new owner who changed the land use. The issue of who pays the penalty is sometimes negotiated when the property is being sold.

- This topic is complicated so it pays to speak with your assessor if you have concerns about the penalties associated with a conversion. Most often the penalty is not a deterrent to whatever change is being proposed.

For More
Information:

1. Start with your County Assessment Department
2. Visit with your Town Assessor
3. NYS Department of Taxation and Finance website:
[http://www.
tax.ny.gov/pit/
property/default.
htm](http://www.tax.ny.gov/pit/property/default.htm)



Property Tax Exclusions for Farm Buildings

Guide to Farming in New York State

Factsheet Overview

NYS Real Property
Tax Law Section 483
– Production and
Storage Facilities

To be eligible:

To receive the
exemption:

NYS Real Property Tax
Law Section 483-a –
Agricultural Structures
with Limited Uses

To receive the
exemption:

NYS Real Property Tax
Law Section 483-b –
Historic Barns

To receive the
exemption:

NYS Real Property
Tax Law Section
483-c – Temporary
Greenhouses

To receive the
exemption:

NYS Real Property
Tax Law Section
483-d – Farm or
Food Processing
Labor Camps or
Commissaries

To receive the
exemption:

How do farm building
exemptions work?

NYS Real Property Tax Law Section 483 – Production and Storage Facilities

Structures and buildings essential to the operation of agricultural and horticultural enterprises and used for such purpose are exempt from property taxes for a period of 10 years (constructed or reconstructed between 1969- 2019).

To be eligible:

At least 5 acres of land must be used in a bona fide agricultural and horticultural operation with sales to qualify for the structure and building exemption. If there is no active use of farmlands associated with the structure, then no exemption can be claimed even if other qualifications are met.

The following types of structures and buildings or portions thereof are eligible to receive this exemption:

- The structure must be used for active farming purposes
- Used in the production and storage of agricultural and horticultural commodities that are raised for sale; facilities used for raising and breeding horses qualify under this definition
- Used mainly for ag/hort use and only incidentally for processing
- Used to house essential employees associated with the enterprise; family members could qualify as essential employees if they do not have ownership in the business

The following types of structures and buildings are not eligible for this exemption:

- Processing and retailing facilities
- The residence of the farmer and their immediate family (spouse & dependents)
- Structures used for breeding pets, fur bearing animals, or animals for experimental use
- Used in connection with raising timber (sawmill)

Note: if you have a production and storage facility with processing and retailing under the same roof, the exemption applies only to the production and storage portions of the facility and not the entire facility – pro-rated per square foot.

To receive the exemption:

Owners of the facility must apply with the county/town assessor before the annual taxable status date and within one year from the date of completion of the construction or reconstruction. The exemption continues for 10 years as long as the facilities are used for ag/horticulture production and storage purposes. If their use changes, the structures and buildings are subject to rollback taxes.

NYS Real Property Tax Law Section 483-a – Agricultural

Structures with Limited Uses

Farm silos, farm feed grain storage bins and commodity sheds used for feed storage, bulk milk tanks and coolers, and manure storage and handling facilities are permanently exempt from taxation and special levies/assessments. These structures must be permanently affixed to agricultural land to qualify for this exemption. Because these structures qualify for permanent exemption, they do not qualify for the 10-year exemption.

To receive the exemption:

Owners must apply before the annual taxable status date with the county/town assessor. Once the exemption is granted, it requires no renewal.

NYS Real Property Tax Law Section 483-b – Historic

Barns

Municipalities must pass a resolution permitting this exemption. Check with your local assessor to see if a local law/resolution has been filed to allow this exemption. If not, contact your county Farm Bureau or Agriculture and Farmland Protection Board (AFPB) to initiate such a resolution for your county/town. No exemption is granted for construction or reconstruction prior to the passing of a local law/resolution. Historic barns are structures at least partially constructed before 1936 that were originally designed and used for storing farm equipment or agricultural products, or for housing livestock. Historic barns used for residential purposes are not eligible for this exemption. If the historic appearance of the barn is altered, it is not eligible for the exemption.

Exemption from 100% of the increase in the assessed value attributable to reconstruction or rehabilitation of a historic barn is granted for one year. Then the exemption decreases each year by 10% from the increase in assessed value. If there is a change in the assessment role, there will be an adjusted exemption base. If the barn is eligible for 483 exemption (10 year), it is not eligible for this exemption.

To receive the exemption:

Application is made with the county/town assessor before the annual taxable status date.

NYS Real Property Tax Law Section 483-c – Temporary Greenhouses

Temporary greenhouses consist of a frame covered with removable poly-film and may be heated, include water and electrical utilities, and supporting poles. Temporary greenhouses are permanently exempt from taxation and special levies/assessments.

To receive the exemption:

Application is made with the county/town assessor or before the annual taxable status date. Once the exemption is granted no renewal is necessary.

NYS Real Property Tax Law Section 483-d – Farm or Food Processing Labor Camps or Commissaries

Farm or food processing labor camps or commissaries in compliance with standards set by the Departments of Health and Labor and the State building commission shall be exempt from taxation and special levies/assessments.

To receive the exemption:

Application is made with the county/town assessor or before the annual taxable status date. Once the exemption is granted no renewal is necessary.

For More Information:

1. Start with your County/Town Assessment Department
2. NYS Department of Taxation and Finance website: <http://www.tax.ny.gov/pit/property/default.htm>

How do farm building exemptions work?

The cost of a building does not determine the amount of the exemption; the exemption is from the increase in assessed property value that results from adding the structure.

Taxable Status Date: March 1 – check with your County/Town Assessor to be sure.





Assessing Your Market Potential

Guide to Farming in New York State

Factsheet Overview

Market Analysis:
What is my Target Market?

Product Development:
What am I going to market?

Market Positioning:
How does my product satisfy the needs of my market better than my competition?

Market Connection:
How will the market know I have what they need?

Market Analysis:

What is my Target Market?

It is unwise to start a farm without considering your customers and what they want. While the “if I build it, they will come” approach may have been feasible a few years ago, in many places the local food marketplace has become very competitive as larger companies have moved in, requiring farmers to be very clear and thoughtful about their marketing.

A target market is a well-defined group of customers. Markets can be found within any broad category: consumers, businesses, industries, institutions, etc, and then narrowed down to specific sub-groups of these categories. Consumers, for instance, can be characterized by demographics, geography, lifestyle, values, leisure, or occupation. Your target market might be “health-conscious exercise enthusiasts interested in nutrient-dense foods,” or “busy families with young children who seek convenient ways to get good food into their kids.” Don’t cop out and say that your target customer is anyone who will buy your product!

Begin market planning by clearly identifying this target market. Note that this may or may not be the market you are working with now. The idea here is to think creatively about your product to determine what set of customers are going to give your business the cash flow, profit and growth it needs.

Start with a big piece of paper. Across the top write a brief description of your product as currently conceived.

Next write your answers to the following four key questions:

1. Who will buy my product?
2. Why will they buy my product?
3. What will they pay for my product?
4. Where do they expect to find this product?

When you are finished, step back and consider what you have learned. Write:

- A brief, focused description of your target market
- An assessment of which aspects of your business need to change in order to attract this market

- A list of what is involved with making needed changes

Product Development:

What am I going to market?

Now that you have a clearer idea of WHO your market is and what they want, how does your product meet their needs? Remember that products are continually fine-tuned as you better understand the needs of your customers and the mechanics of your business. The challenge is to think about your product from the perspective of your target market. In order to best reach this target market, you may need to change your packaging, pricing, or market channel. Next, answer the following set of questions.

Research questions:

- What is my product?
- What is the best method to package and present my product?
- What need does my product fill?

When you have finished answering the research questions, take a second piece of paper and summarize your answers into:

- A creative, market-informed description of your product
- A concept of how you will make your product meet the needs of your end consumers and channel customers while being competitively priced and profitable.

Market Positioning:

How does my product satisfy the needs of my market better than my competition?

Market positioning is the way you communicate precisely the place your product holds in the marketplace. How you position your product in the mind of your customers determines how the product is perceived. Positioning is a strategic component of marketing. It ties together information about your product, your market, your competition and your industry. It is the answer to the very basic question: What business am I in? "The what's for dinner business?" "The family vacation business?" Or you can distinguish yourself on the basis of the needs you fill, the services you provide, the distribution channel you use, the pricing strategy you employ. Think about your product from the perspective of your customer and that of your competition. Note that buying usually comes down to a decision of choice: your task is to figure out how to make the customer choose YOUR product.

When your research is complete, take a third piece of paper and summarize your findings into a position statement of 50 words or less that answers two questions:

1. What business am I in?
2. Why will my customers want my product rather than that of my competition?

The Small Farms Program website has manuals and guides on direct marketing, CSAs, Food Hubs as well as marketing specific products such as organic, value-added, and whole sale. SFP also offers a 6-week online course for beginning farmers just starting to explore their potential markets:

Small Farms Program
<http://smallfarms.cornell.edu/resources/marketing/>

Small Farms Online Course: BF 102: Exploring Markets and Profits
<https://cornell-small-farms-program.teachable.com/p/bf-102-exploring-markets-and-profits>

Market Connection:

How will the market know I have what they need?

Making connections with your target market lets the customer know you have the product they need. Unless you are a direct marketer, these connections are made with the assistance of intermediaries: businesses that warehouse, transport and sell your product to those direct consumer contacts and the businesses that represent your product to that system. These businesses are the marketing channels that move products from the point of production to the final buyer. Some, such as wholesalers and retailers, buy and resell the product, others, such as independent warehouses and transportation companies provide distribution services for a fee. Others, such as brokers, present the product in the marketplace for a commission.

Channel businesses are a key component of your marketing strategy. How a channel business warehouses and distributes products, how it targets consumers and how it features and merchandises goods all define its particular set of needs and resulting buying criteria. To be an effective marketer, producers need to identify and understand the differences among channel markets and market their products accordingly. No single marketing program works for all markets.

Research questions:

- What distribution channels are best suited to my product, my customers & my business?
- What are channel costs/benefits?
- What will it take to sustain market/channel connections?

When your research is complete prepare a strategic response to these questions:

- What will it cost to reach each potential market segment?
- Where can my business reach the best market at the least cost?
- Which market and channel options should I develop now?

This fact sheet was developed as part of Market Planning for Value Added Products by UNH Cooperative Extension in cooperation with NY Coalition for Sustaining Agriculture. It has since been edited slightly by the Cornell Small Farms Program.





Pricing Farm Products

Guide to Farming in New York State

Factsheet Overview

Know your Costs and Price for Profit

Allocate Expenses by Enterprise

Value vs. Price

Calculations for Determining Price

Cost and Profit Method

Gross Margin Method

Plan for Profit – Don't Drop Prices

Going Rate for Market Area

Know your Costs and Price for Profit

The price you ask for a product or a service is one of the four P's of Marketing: Price, Product, Placement, and Promotion. Price is critically important to the profit on the farm, but the other P's of marketing contribute substantially to the price that you can get. Profit is the 5th P that keeps you in business. Many new farmers simply look around at what other farms are charging and put a similar price on their products. While knowing what prices your competitors are charging is important, it's only one part of the picture, and simply using this as your pricing strategy may mean that you are unprofitable. You should also carefully analyze your costs, to be sure the price you charge will help you achieve the profit you desire.

There are various costs that go into deciding what price you will charge for your product.

1. Start with the input costs = Variable Costs (VC) i.e. fertilizer, seed, gas, labor. If you don't cover these you will have to shut down in a short amount of time, unless you are subsidizing the farm with other earnings.
2. Add in ownership costs = Fixed Costs (FC) i.e. depreciation, interest, repairs, taxes, insurance. If you cover these you will meet your breakeven cost to the business, but have nothing left for yourself. Every item should contribute to ownership costs. If you don't cover ownership costs, you will be able to operate longer before you have to shut down (unless you are covering these costs from off-farm income, but this means your farm is not financially sustainable and is parasitizing your off-farm earnings).
3. Add in a return to you = Profitable Price - this is the price you need to survive in the long run.

Allocate Expenses by Enterprise

To track labor and equipment costs by product requires excellent records. You can keep track of tasks and expenses such as plowing time and fertilizer for the whole farm and allocate by square feet used by a particular product. Keep track of daily time spent for special efforts or expenses required by specific products such as transplanting separately. Add all of these together to determine costs per product. Be sure to keep track of harvestable yields or the amount of product that was actually sold, as this impacts the price per unit significantly.

Value vs. Price

Many direct market farmers are afraid to charge what they need to in order to have some profit for themselves. Keep in mind that you are providing more value to the buyer as you are closer to the customer. Ask yourself who are your competitors? Do you want to be a price 'setter' or a price 'taker'?

$$\text{Value} = \text{Quality} + \text{Service} + \text{Price}$$

- Your buyers want a quality product that you can provide because you can grow varieties for flavor instead of durability and shelf life
- Your buyers want to know how their food was grown. They like the fact that they have a relationship with you. This takes time on your part, but they are willing to pay for it
- You can introduce them to new products and ways to cook specialty items. This is education that they are willing to pay for
- Fresh un-waxed products, less fuel used, and community support are also cited as reasons many consumers are willing to pay more for local products
- You can charge more for early season products when customers are eager to taste the first fresh local strawberries or sweet corn, so strive for early sales

Calculations for Determining Price

Cost and Profit Method

Add your variable cost + your fixed costs + profit needed for the particular product
= Income

Divide by number of units produced = price/unit

For example:

If it costs you \$3,000 total variable costs and \$2,000 total fixed costs and you want \$2,000 of profit for a specific product then your total income from that product needs to be \$7,000.

Divide this by the number of units produced, and you will have the price per unit: $\$7,000 / 950 \text{ units} = \$7.38/\text{unit}$

Gross Margin Method

This method derives from the whole business sales, costs, and planned profit. This method is usually used by retail businesses that resell products.

For example:

Gross margin method in a vegetable business might be calculated:

Know your total expected vegetable sales = \$10,000
Know your total fixed costs + desired profit = \$3,000 – this is the gross margin needed.

Divide your gross margin by total sales: $\$3,000/\$10,000 = 30\%$

Know your unit variable cost = \$5.00

Divide the unit price by 1- 30% of the unit variable cost to determine the price

$\$5.00 / (1-30\%) = \$5.00 / .7 = \$7.14$ per unit

Plan for Profit – Don't Drop Prices

What if you have corn at \$3.50/dozen according to your calculations and your neighbor has \$3.00/dozen? Can you still make a profit by lowering your price? Sometimes it is better to sell fewer at the higher price than sell more at the lower price. For example, if your margin on the \$3.50 is \$0.50 toward profit. If you sell 300 dozen that will give you \$150 in profit. You would have to sell 600 dozen if you sold at \$3.25 to get the same profit. For a 7% decrease in price you have to sell twice as much product.

Do not price your farm product below the market just because the farm income is inconsequential for you!

If your farm is very small and you have off-farm income, you may be able to afford to sell a dozen fresh brown eggs for \$2.00 just to cover your feed cost, but other local farmers who rely on the farm income to support their household cannot – they might need the full price of \$4.00+ a dozen to cover their full expenses. They could lose sales unfairly due to your indiscretion. In the interest of cooperating with your local farm community, keep your prices in line with market rates for any farm product, even if you can afford not to.

If profit is not part of your farming motivation, consider partnering with a local food bank, soup kitchen or donation network to send the good food you produce to people who can't otherwise afford it.

Going Rate for Market Area

Many beginning farmers start out with a pricing strategy that reflects what everyone else is charging. While this is a good place to begin, it is not where you want to be forever. It is important to know your costs and price for profit.





Finding Price Information

Guide to Farming in New York State

Factsheet Overview

Wholesale Price Information

Produce

Organic

Livestock and Field Crops

Local Markets

Wholesale Price Information

The resources below are provided for reference. However, keep in mind that market conditions are different across NY. Prices for produce in ENY are usually much higher than the North Country and far WNY. The NYS terminal market prices are often higher than what buyers or distributors (like supermarkets or repackers) pay growers further away from NYC. Ultimately, each farmer and producer needs to know their cost of production. See Fact Sheet 24 – Pricing Farm Products.

Produce

- NY Terminal market listing put out by USDA AMS Monday through Friday <https://www.ams.usda.gov/market-news/fruit-and-vegetable-terminal-markets-standard-reports>
- Links to reports containing wholesale market price information are available at <http://www.farmersmarketonline.com/marketwa.htm>. These reports are updated daily during the growing season
- Additional reports covering many other aspects of agricultural pricing are available through the USDA's market news portal for fruits and vegetables at <https://www.ams.usda.gov/market-news>

Organic

- Organic Produce Pricing Report from the Rodale Institute: www.rodaleinstitute.org/Organic-Price-Report
- NOFA NY has a price index for members. <https://www.nofany.org/priceindex>
The prices are entered in by farmers for various vegetables by variety, package size, or other attribute. Fresh market and wholesale pricing.
- Organic Produce Pricing Data from United States Department of Agriculture: <http://www.ers.usda.gov/data-products/organic-prices.aspx#.U-FPufldUuc>

Livestock and Field Crops

- Meat Pricing Tool at calculator.meatsuite.com. For assistance understanding how to use this tool, see Improved Meat Marketing for Small Scale and Direct

Marketing Farms in the Northeast, Part III or Part IV.

- The Weekly Livestock Reporter: www.livestockweekly.com
- USDA AMS Livestock & Grain Market News:
<http://www.ams.usda.gov/AMSv1.0/LPSMarketNewsPage>
- Dairy/lea/Empire Livestock Market Auctions. Find a listing of livestock auctions in NYS here: <http://www.empirelivestock.com/>

Local Markets

It is important to check local outlets for price information. Ask other farmers about what they charge, ask buyers in your area what they would pay, visit retail outlets and note prices, shop at farmers' markets and see what products are selling for. You can find lists of farmers markets around the state through:

Farmers Market Federation of New York

<http://www.nyfarmersmarket.com/>

New York Ag and Markets

https://www.agriculture.ny.gov/AP/farmers_markets.html

Your pricing should be based on your costs, being competitive, and on what the particular market area customer will pay for high quality local products. Offer high quality and differentiate your products to capture a higher price.



Direct Marketing Options

Guide to Farming in New York State

Factsheet Overview

Farmers Markets
On-farm Sales
Internet and Mail Order
Ways to Get Started with Internet Marketing
Community Supported Agriculture
Restaurant Sales
Sales to Food Retailers
Institutional Food Service Sales

Direct marketing is a common strategy for beginning and small farmers. The main attraction compared with selling through traditional wholesale markets is that you receive the full share of the consumer dollar and have more control over the price you receive for your products. But with direct marketing, you'll also incur extra costs – not the least of which is your time. Be sure to evaluate each option carefully as part of a farm business plan.

Farmers Markets

Farmers markets are a good place to develop your marketing skills, but don't assume you can rely on them for all your sales. The best markets may be hard to get into, and smaller markets are struggling to remain viable. If you really want to sell at a market, start by visiting markets in your area. Inventory what's available and note what does not sell out by the end of the day. Don't grow what doesn't sell unless you can differentiate your product – for example selling heirloom tomatoes instead of 'garden variety' fruit.

Also study the customers. How many are there? What is their ethnicity? Are they young or old? Families or single buyers? Affluent or bargain shoppers? Ask shoppers and vendors what they like and don't like about the market, and get a copy of the market rules.

To be successful, you need to enjoy interacting with people and be willing to invest the time it takes to pick, pack, transport, set up and sell. To maximize potential returns, you need to sell for as long a season as possible. For produce vendors, this means growing a wide variety of crops. Farmers market sales alone may not generate enough money to make a living, requiring you to look at additional market channels, but markets can be a good place to start a business.

On-farm Sales

Methods range from simple, self-serve stands to multi-department, year-round farm stores that may include pick-your-own or agritourism enterprises. The higher the overhead, the slimmer the margins will be. But if done right, a successful farm market will attract many regular customers and offer good returns.

How to Find NY Farmers Markets Near You:

1. Contact the Federation of NY Farmers Markets at 315-637-4690 or www.nyfarmersmarket.com
2. Visit the NYS Dept. or Agriculture and Markets website, <http://www.agriculture.ny.gov/>, and click on Farm and Market

Self-serve stands are a good way to assess the potential draw from drive-by traffic. Strawberries, sweet corn, tomatoes, peaches, and pumpkins are crops that stop traffic. Consumers learn about local farms primarily through word-of-mouth. Build a product line based on what customers want, and pay attention to quality. Sufficient traffic may generate enough sales to warrant investment in facilities and staffing.

Pick-your-own (PYO) requires advertising and staffing. It can be very profitable, but risky if it rains every weekend during narrow harvest seasons. PYO can complement agritourism activities where it is one of several activities that families can enjoy.

To be successful, you need to enjoy having lots of people at your farm – and in your fields, in the case of PYO. Risk management and liability insurance is a must. Building loyal clientele is key, and may take many years. Your business plan must be based on realistic customer numbers and sales projections.

Internet and Mail Order

Using online tools to connect with potential customers and to make sales online has never been easier, yet the marketplace is changing very rapidly so it's difficult to know which options will have staying power. Here are a few things to know about selling online:

1. It's essential to evaluate each website, platform, or online sales tool to make sure it will really meet your needs. If a company is making big promises about how much they'll help you sell online, research how long they've been in business, talk to other farmers who are selling through them (if possible), and find out what will be expected of you. Where will you need to deliver your product? How much will this company charge you for this service?
2. You do not need to ship your products if you are selling online. There are many options that allow you to create an online store—either a shopping cart feature attached to your farm website, or a store hosted on a 3rd party platform—where you can set the expectations for customers. You can decide whether you expect people to pick up orders at your farm, whether you will deliver to a specified pick-up spot or bring all orders to a weekly farmer's market booth, or whether you will ship products directly to people.
3. As with any marketing strategy, it's unwise to rely solely on internet sales. What if the company you're selling through closes its doors? Consider internet sales to be one prong of your marketing strategy.

If you develop unique, high-value products that are easy to ship, this strategy can complement your other direct marketing efforts. Current customers who love your product can order more and help you market your products through word of mouth. Packaging and shipping costs need to be considered but for products that are not bulky or heavy, this can be a profitable strategy.

Note: Internet sales are only considered exempt under the Home Processors Exemption (Fact Sheet #28 in this Guide) if buyers are also within the state.

Ways to Get Started with Internet Marketing

Places to list your farm online to help consumers find you:

- Eatwild.com
Listing for livestock and dairy producers
- LocalHarvest.org
Listing for any type of farm, may help consumers find you, but you can also use Local Harvest as a sales platform by creating an online store within the site
- Meatsuite.com
For livestock producers who sell animals via quarter, half, or whole direct to consumers

Third-party sites that help you sell product online:

- Eatfromfarms.com
Created by a farmer, this low-cost platform has been around since 2013, so it has staying power. Allows farmers to set their own terms around delivery, and is especially useful for products that have variable weights.
- Farmersmarketonline.com
You must be willing to ship if you use this site
- Farmersweb.com
This platform has been around for many years and connects farmers to wholesale buyers
- Locallygrown.net
This site allows groups of farmers to come together to create an online farmers' market with customer orders placed in a certain time frame, and then farmers fill the orders and deliver to a specified site.

Create an online store on your website:

- Squarespace.com
- Weebly.com/square
- Wix.com

Community Supported Agriculture

Community Supported Agriculture (CSA) operations typically provide a weekly 'share' (box) of produce to customers who pay for their shares at the beginning of the season – usually \$300 to \$600 per household. The up-front money reduces financial and marketing risks for farmers, and customers share in production risks. Sometimes customers help harvest and pack shares in return for a discount. Depending on the operation, customers pick up shares at the farm, a central distribution point, or pay extra for home delivery.

One challenge is to have enough different crops each week so customers feel like they are getting their money's worth. CSA farmers often grow more than what their customers need and have additional outlets for surplus produce. Sometimes several farms collaborate to offer a wider range of products including fruit, eggs, meat and more. Starting small and keeping customer turnover low is a good way to grow the

business while minimizing risks.

A key advantage to a CSA is that you know how many customers you have early in the season, have their money in hand and can produce accordingly. This makes financial planning easier. However, in many parts of the state, the CSA market is saturated, and existing businesses are struggling to retain their members.

Restaurant Sales

Many chefs (especially from higher-end restaurants) are looking for fresh, local products to feature in their menus. You will find that chefs are as busy as farmers. Develop a personal relationship with chefs, find out what they want and grow a wide range of products for them for as long a season as possible. You need to offer exceptional quality clean products that are delivered on time (avoid mealtimes). Restaurant sales need to be an intentional strategy, not a way to dump surplus product. Most chefs will pay about 75 percent of retail for produce, though if they are ordering small quantities, you may be able to charge them full retail price.

Watch that delivery costs and time don't eat up profits, and be clear on payment terms. Once a relationship is solid, less face time is needed.

Sales to Food Retailers

Increasingly small food retailers are interested in sources of locally grown food. One option is to contact retail farm markets in your area. Many do not grow all they sell. Also, check out food cooperatives, natural foods stores, and independent groceries. Most will only pay wholesale prices found at regional markets.

Everything else, from convenience stores to super-centers, is a chain and each has unique purchasing requirements. Some purchasing decisions are made at the local store level, but most require approval from higher-ups. Start with local store managers. For produce, a head buyer is usually involved. It is most common for retailers to buy seasonal produce. Very few handle local meats, cheese, eggs or other products.

Food retailers expect local prices to be in line with wholesale prices. Understand buyer expectations and prices before agreeing to delivery. Some may reject product on quality or simply because they have a better supply and price elsewhere. The advantage of selling to food retailers is that you can move more volume to fewer buyers, reducing your marketing costs. But the disadvantage is that it can be a fickle, price-driven market. Be sure to spread your risks.

Institutional Food Service Sales

Some schools, nursing homes, hospitals, prisons, etc. can purchase local products. But many are part of a buying consortium and have a single goal: keeping costs low. Meals are often pre-prepared or ready-to-serve, using few fresh items. Institutional food sales also come with institutional barriers, including regulations and requirements that dictate their purchasing practices. One way to tap institutional markets is to go through the distributors who sell to them. This adds a middleman and reduces returns. High quality, volume sales, standard packaging, and reliable delivery will be required.

For More Information:

Cornell Small Farms Program (CSFP)

The CSFP offers several online courses covering different aspects of marketing.

<http://smallfarms.cornell.edu/online-courses/>

Guide to Marketing Channel Selection

This publication is a decision-making aid for new farmers and for those considering marketing through a new channel, whether wholesale or direct. The guide focuses on describing the marketing of fresh-market produce, however, many of the principles apply to the marketing of other agricultural products including cut flowers, meats, honey, maple syrup, and dairy products.

<http://smallfarms.cornell.edu/files/2014/07/Guide-to-Marketing-Channel-1ib5phn.pdf>





Marketing Regulations

Guide to Farming in New York State

Factsheet Overview

Weights and Measures

Basic Rules

Marketing Regulations

Selling Plants

Selling Produce

Selling Seeds

Slaughter and Sale of Farm-raised Meats

Selling Fish

Selling Eggs

Selling Honey and Maple Syrup

Alcoholic Beverages

Making/Selling Wine

Brewing Beer

Soft and Hard Cider

Dairy Products

Milk

Selling Raw Milk

Selling Cheese

Weights and Measures

How does a customer know that what they just paid for is actually what they received? The system that provides this public trust is a carefully regulated process. Article 16 of the Agriculture and Markets Law regulates how “commodities” are packaged and sold in New York State. The complete Article can be found at <https://www.agriculture.ny.gov/WM/LawArticle16.pdf>

Basic Rules

- Food products that are not in containers must be sold by net weight, standard measure or numerical count
- If selling food items pre-packaged, these need to be accurately marked, with (a) the net weight, standard measure or numerical count, (b) the selling price per pound or unit of standard measure and (c) the total selling price.
- If selling bulk items by weight an approved scale must be used. The vendor is responsible for purchasing an approved device AND having it certified by a local Weights and Measures official. Many scales available at common retail outlets are not appropriate for use; visit <http://www.agriculture.ny.gov/WM/725.pdf> for a list of approved commercial devices. At this time there is no fee in many counties to have equipment certified, but there is a fine for not using approved scales and for every mis-weighed unit available for sale.
- When using open containers, they should be standard sizes, i.e. pints, quarts; and remain open to allow consumer inspection. If closed, they need to be labeled.

Weights and measures officials throughout the State routinely inspect a wide range of commercial devices and packaged commodities to assure accurate measure in the marketplace. These inspections serve to eliminate from the marketplace those devices and packages that do not provide an accurate measure of the commodities or services that are exchanged. The inspections involve more than just accuracy tests, as the official must verify that the device or package meets other operational and/or marking and labeling requirements.

Look for the Weights and Measures Seal on Devices:

The seal indicates that that device has been inspected and was performing correctly and within the applicable tolerances

For More Information:

NYS Department of Agriculture and Markets Bureau of Weights and Measures
<http://www.agriculture.ny.gov/WM/WMHome.html>
518-457-3146
agmweigh@agriculture.ny.gov



Marketing Regulations

Selling Plants

If you sell plants for landscape use including bedding plants, perennials, shrubs and trees grown in a nursery or greenhouse, you will need to be licensed as a Retail or Wholesale Nursery, or Plant Grower by the NYS Dept. of Agriculture & Markets. If you sell cut flowers or houseplants the license is not required. As a plant seller your greenhouse/nursery crops are subject to inspection to protect the customer from potentially diseased or insect infested plant materials.

Contact for Licensing Information:

The NYS Ag & Markets Division of Plant Industry
<http://www.agriculture.ny.gov/PI/PIHome.html>

Albany office: 1-800-342-3464 or 518-457-2087

Regional Inspectors will visit your production facility to inspect plants before you begin sales and thereafter annually. There is a fee for the license.

Selling Produce

No licenses are required. Federal regulations through the Food Safety Modernization Act (FSMA) Produce Safety Rule (PSR) and/or buyer requirements, such as a third-party audit, may apply to some produce growers.

Grade and Standards

Some produce is subject to USDA grade and quality standards if packaged. This includes: potatoes, apples, lettuce, and grapes. Grade, quantity of contents, name and address of producer are required on all closed packages. NYS Agriculture & Markets enforces quality and grade standards.

Guides to vegetable grades and sizes, including print-out sizing templates and color photo fact sheets with grading and packing standards are available on the Cornell Vegetable Program website and are especially useful for farmers looking to sell into wholesale markets.

For grading information consult the following website for fact sheets pertaining to each of the mentioned crops:
<http://www.agriculture.ny.gov/FS/general/farmprods.html>
<https://cvp.cce.cornell.edu/submission>

Food Safety Modernization Act (FSMA) Produce Safety Rule (PSR)	<p>The FSMA PSR establishes, for the first time, science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption. Some farms may be exempt or not covered by this regulation; however, buyer requirements for food safety, such as a third-party audit may still be required. Compliance dates are staggered based on total produce sales, with the first inspections beginning for some farms in 2019. Training is required for farms covered by this regulation; to learn more about upcoming trainings visit the Produce Safety Alliance website.</p>	<p>For general information and compliance dates visit: https://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm334114.htm</p> <p>For coverage and exemption status determination visit: https://www.fda.gov/downloads/Food/GuidanceRegulation/FSMA/UCM472499.pdf</p> <p>To attend a Produce Safety Alliance Grower Training visit: www.producesafetyalliance.cornell.edu</p>
On Farm Readiness Reviews (OFRR)	<p>The New York State Department of Agriculture and Markets, together with food safety specialists from Cornell Cooperative Extension, are offering On-Farm Readiness Reviews (OFRR) to prepare growers for compliance with the FSMA PSR. All On-Farm Readiness Review visits are free, non-regulatory, voluntary, and confidential. Feedback is shared only with the farm owner/grower who requested the review.</p>	<p>For more information about On Farm Readiness Reviews visit: https://www.nasda.org/foundation/food-safety-cooperative-agreements/on-farm-readiness-review</p> <p>Contact the NYS OFRR Team by phone (518) 457-3846 or e-mail to Steve Schirmer (steve.schirmer@agriculture.ny.gov.)</p>
National Good Agricultural Practices Program (GAPs)	<p>The National Good Agricultural Practices Program provides foundational on-farm food safety knowledge to produce growers and packers. A wide variety of educational resources are available including recordkeeping templates, Standard Operating Procedures (SOPs), worker training posters, photo novellas, training DVD, and the GAPs Online Produce Safety Course.</p>	<p>For information visit: www.gaps.cornell.edu</p> <p>Or contact Gretchen Wall at glw53@cornell.edu or Betsy Bihn at eab38@cornell.edu.</p>

<p>Buyer Requirements & Third-Party Audits (Produce Safety)</p>	<p>Third-party audit certification is meant to provide verification to the buyer that the produce they purchase is grown and packed under conditions that result in safe, wholesome fresh produce. Safe food is important for many reasons, primary among them being the health of consumers. It is also important from a liability standpoint to have standards that help assure consumers that the produce they buy is safe. Not all buyers require third-party audits. Prices for the audit vary and there are many organizations that offer audits.</p> <p>For a limited time, USDA is providing funding to 16 states (including NYS) for the GAP Assistance Program to enhance market access by defraying costs of undergoing voluntary USDA Harmonized Good Agricultural Practices (GAP) audits in 2019.</p>	<p>Contact your buyer directly for more information. Be sure to ask which audit (USDA Harmonized, GlobalGAP, Primus, etc.) is required (if any) and what scopes must be completed.</p> <p>More information is available in Questions and Answers about the GAP Assistance Program on AMS' Harmonized GAP webpage, https://www.ams.usda.gov/services/auditing/gap-ghp/harmonized, and by contacting AMS' Specialty Crops Inspection Division, Audit Services Branch at (202) 720-5021 or scaudits@ams.usda.gov.</p>
<p>NYS Grown & Certified</p>	<p>New York State Grown & Certified is the first statewide, multi-faceted food certification program designed to strengthen consumer confidence in New York products, address food product labeling, and assist New York farmers so they can take advantage of the growing market demand for foods locally grown and produced to a higher standard. New York State Grown & Certified is open to New York producers who adhere to the best practices in safe food handling and environmental stewardship. It is currently available to New York State producers or processors of produce, dairy, eggs, beef, poultry, pork, shellfish, Christmas trees, maple, cut flowers, craft beverage ingredients, wine, spirits, beer and cider.</p>	<p>Learn more about New York State Grown & Certified at https://certified.ny.gov/ Requirements vary based on the commodity.</p> <p>For questions regarding applications or other commodities, e-mail: NYSGrownandCertified@agriculture.ny.gov</p>

Selling Seeds

Labeling requirements, as well as purity and germination rate standards apply to "Each container of seed which is sold, offered or exposed for sale, or transported

A readable summary of the regulations as they relate to agricultural seeds can be found here:

<https://cpb-us-e1.wpmucdn.com/blogs.cornell.edu/dist/e/1628/files/2016/02/Ag-Seed-Sales-177g9c9.pdf>

For questions about meat slaughter and sales, contact NYS Ag & Markets at 518-457-4492.

in this state for planting purposes.” Provisions differ across various categories of seed, and are set out in Article 9 of the Agriculture and Markets Law Chapter 631. Circular 826 presents these rules and regulations

<https://www.agriculture.ny.gov/PI/commodities/ARTICLE9.pdf>

Slaughter and Sale of Farm-raised Meats

The best source of information on marketing your meat is: “A Resource Guide to Direct Marketing Livestock and Poultry” (Available in PDF at <https://bit.ly/2TYjSbu>)

Here is a brief summary of some regulations.

- Poultry exemption
Farm-raised poultry is exempt from NYS and USDA inspection and can be slaughtered and butchered on farm ONLY if you raise and slaughter not more than 250 turkeys OR not more than 1000 of all other poultry (chickens, ducks, geese, etc.) per year. If you raise more than this per year the birds must be processed in a licensed 5-A or USDA facility and stamped for commercial/retail sale.
- Other Meats (beef, lamb, goat, pork)
These species must be slaughtered and butchered in a USDA inspected facility if you intend to sell individual cuts of meat. If you are selling whole, halves, or quarters of an animal direct to consumers, the animal can be processed in a NYS custom exempt slaughter plant. The meat must be stamped “Not for resale.” If you want to receive your meat from a USDA-inspected slaughterhouse and do further processing, such as making sausage or charcuterie, this must be done in a USDA inspected facility or NYS certified processing facility/kitchen holding an Article 20-C license. See Fact Sheet #28 for more info on 20-C licensing.
- Exotic Animals
Bison, deer, rabbits, game birds and ratites must be slaughtered and butchered in a 5-A inspected facility if the meat will be sold.

Selling Fish

Regulations

- Whole fish
Without any special permits, you may sell a fresh whole fish at your farm to a private customer. You may bring completely chilled fresh whole fish to a farmer’s market and sell to a private customer. Keep fresh whole fish at 32°F with crushed ice or in a refrigerated unit.
- Eviscerated fish
Entire gut contents are removed and the fish is thoroughly rinsed with fresh water that is 38°F or lower (water from public source or from a tested well.) Chill the fish to 32°F immediately. At this point, the fish can be frozen and kept in a frozen state for sale. Frozen eviscerated fish may be sold at the farm or at a farmer’s market; fresh and properly chilled eviscerated fish may be sold at a farmer’s market or at the farm.
- Fillets
Filletting fish or any similar processing requires an Article 20-C Food Processing License at your farm or a facility off-farm that carries a current 20-C Food

Processing License. You may transport your fish to a 20-C facility and use it temporarily (usually for a rental fee). Such fish may be sold to individuals, stores, or restaurants if in a frozen state. Fresh fillet sales require an Article 28 Retail Food Store license (where food and food products are offered to the consumer and intended for off-premises consumption and conducts no food processing). Current price for an Article 20-C license fee is \$400.00 for 2 years and an Article 28 license fee is \$250.00.

Selling Eggs

Egg cartons must be marked with grade and size (though producers selling eggs of their own production directly to consumers are exempt from this requirement). Eggs may be sold in bulk displays but grade and size must be indicated. Additionally, eggs should be washed and candled, cartons must include the name and address of producer and the date packed, and eggs must be held at 45 degrees F or lower.

For a fact sheet on egg sales consult:

<https://www.agriculture.ny.gov/FS/industry/shelleggs.html>

A more comprehensive fact sheet, particularly relevant for larger operations needing to deal with grading, etc., can also be found here:

<http://www.agriculture.ny.gov/FS/general/farmprods.html>.

Selling Honey and Maple Syrup

These products are exempt from licensing if you do not add ingredients or repack. Production facilities must be clean and sanitary. If you make specialty flavored honey or maple products, you must have an Article 20-C license. Maple syrup is subject to grade identification.

For more information on the sale of Maple Syrup, visit https://www.agriculture.ny.gov/FS/general/maple_syrup_honey.html

Alcoholic Beverages

The production and distribution of this category of products is regulated by the New York State Liquor Authority (SLA). <http://www.sla.ny.gov/> Wine, beer, spirits, cider, and mead are each treated differently. The NYS Liquor Authority are also distinguishes between manufacturers and wholesalers, regulating and licensing these differently. Finally, the SLA also offers less-costly "micro" licenses for small-scale producers, and special dispensations for small "Farm" manufacturers using New York State grown ingredients. Depending on the particularities of your enterprise, you will need different permits.

To apply for manufacturing licenses, visit: https://www.buinessexpress.ny.gov/app/answers/cms/a_id/2027/kw/Alcoholic%20Beverage%20Manufacturer%20License

An "application wizard" tool will then help you to find the license application fees and forms relevant to your case. After completing this brief questionnaire, you will

Rules and regulations surrounding aquaculture-raised fish are subject to change. Contact the office in your region:

NYS Department of Agriculture and Markets Food Safety and Inspection Division:
518-457-4492
or <http://www.agriculture.ny.gov/FS/FSHome.html>

Circular 947 can be requested from the NYS Dept. of Agriculture & Markets or downloaded as a PDF here: <https://www.agriculture.ny.gov/FS/industry/04circs/>

Visit the SLA's "Become a Manufacturer or Wholesaler" page for more: <https://sla.ny.gov/become-manufacturer-or-wholesaler> maplesyrup ansugarCIR947.pdf

be able to email the various documents to yourself. <https://on.ny.gov/2vL3e0G>

Making/Selling Wine

- There are 4 types of winery licenses that apply to the following situations:
- Individuals who make wines without having a vineyard
- A retail facility that retails wines but is neither a producer or processor of grapes
- A farm winery which must have its own vineyard and processing facilities and any purchased grapes must be 100% NY grown
- A special farm winery that does not have its own processing facility but works with another established wine processing facility. Farm wineries may sell their own wine at their wineries, at NYS Farmers Markets and to restaurants and retail stores in NYS

For assistance in developing a farm winery consult the following sources:

- New York Wine & Grape Foundation
www.newyorkwines.org
585-394-3620
- Cornell Viticulture & Enology Program - Geneva
<http://www.grapesandwine.cals.cornell.edu>
315-787-2277
- NYS Liquor Authority Licensing
Licensing.Information@sla.ny.gov
- Cornell University Enology Resources
<http://fruit.cornell.edu/enology/>

Brewing Beer

In order to receive a Farm Brewery license in New York State, the beer must be made primarily from locally grown farm products. The schedule for the license is as follows:

- From January 1, 2019 to December 31, 2023, no less than 60% of the hops and 60% of all other ingredients must be grown in New York State.
- From January 1, 2024, no less than 90% of the hops and 90% of all other ingredients must be grown in New York State.

For assistance in developing a farm brewery consult the following sources:

- New York State Brewers Association
<http://newyorkcraftbeer.com/farm-brewery/>
- Article 20-C Licensing Requirements
<http://newyorkcraftbeer.com/wp-content/uploads/2014/05/20-C-FARM-Ag-and-Markets-Doc.pdf>
- Cornell University Brewing Program
<http://blogs.cornell.edu/brewing/>

Soft and Hard Cider

Previously, cideries fell under the SLA's "Winery" category. Commercial scale processing of hard cider requires an Article 20-C food processing license and a site inspection, but "farm" cideries making only hard (alcoholic) cider may be exempt. Good manufacturing practices must be followed. If you are interested in making hard cider, we recommend joining the NY Cider Association, a trade association for cider-makers: <https://www.newyorkciderassociation.com/>.

For soft cider, apples must be firm and washed. Pasteurization or Ultra Violet treatment is required. HACCP (Hazard Analysis Critical Control Point) plans are required for cider and juice processing facilities if selling wholesale.

Dairy Products

If you are interested in making processed dairy products, like cheese, yogurt, or butter, we suggest contacting the Dairy Extension Program for help understanding all the requirements and evaluating potential profitability. This team also occasionally has grant funding to host workshops for artisan cheese and dairy food producers, so it's worth asking if there are any upcoming to help you learn the ropes.

Milk

Processing facilities are regulated by:

- NYS Department of Agriculture & Markets Division of Milk Control and Dairy Services
<http://www.agriculture.ny.gov/DI/DIHome.html>
518-457-1772 (Matt Morgan)
- Division of Food Safety & Inspection
<http://www.agriculture.ny.gov/FS/FSHome.html>
518-457-4492

Milk cannot be transported from a farm to a processing facility without a license, and dairy products processed in your home kitchen or a commercial kitchen cannot be sold to the general public. You must have and maintain a certified milk processing plant on your farm if you plan to sell dairy products to the public.

Once a plan has been developed, you may also want to contact the Cornell Department of Food Science Cooperative Extension (<http://foodscience.cornell.edu/cals/foodsci/extension/index.cfm>) or the Dairy Plant at SUNY Morrisville at 315-684-6106. They offer instructional programming schools/workshops for dairy processors and have staff that may be able to help review your plans and offer advice.

Selling Raw Milk

Due to the potential liabilities of selling unpasteurized milk to the public, it is highly discouraged by the State and the Cornell University Department of Food Science. However, it can be legal. In New York, raw milk can only be sold on the farm

The primary resource to familiarize yourself with in the development of your plant is New York State Department of Agriculture and Markets Circular 958 (Part 2), which covers the rules and regulations for operating a milk processing facility in NY: http://www.agriculture.ny.gov/DI/Laws%20in%20PDF/PART2_milk_control_law.pdf

More legal information can be found here:

<https://www.agriculture.ny.gov/DI/PDF%20WebDocs/RawMilkRegsPart2.pdf>

where it is produced, and only if the producer holds a Raw Milk Sales Part 2 permit and meets several additional tests and requirements that other milk processing facilities do not have to meet. Even if the farmer gives away one gallon of milk, a permit is required. To receive a permit the farmer must have:

- A Brucellosis ring test on file with the Department's Division of Animal Industry.
- A Tuberculosis test performed on each animal.
- The farm operation must be enrolled in the Quality Milk Production Services (QMPS) program and must have a report showing that each animal was tested for pathogens, including but not limited to Staph. aureus and E. Coli.
- The farm operation must have a milk sample tested for the following pathogens: Salmonella, Listeria, Escherichia coliform, E. Coli 0157:H7, Campylobacter, and Staphylococci. These tests are required initially and monthly.
- Satisfactory farm water test must be on file.

Please contact the state Division of Milk Control and Dairy Services in Albany for requirements to sell raw goat's or sheep's milk.

A farm selling raw milk is required to post the following signage:

- "NOTICE: Raw milk sold here. Raw milk does not provide the protection of pasteurization."

Selling Cheese

Hard cheese made from raw milk may be sold to the public if labeled raw milk cheese and aged at least 60 days. A permit is still required.

For All Other Food Inspection Questions, Contact:
NYS Dept. of Agriculture & Markets: Division of Food Safety & Inspection
<http://www.agriculture.ny.gov/FS/FSHome.html>
518-457-4492





Becoming a Small-Scale Food Processor

Guide to Farming in New York State

Factsheet Overview

Foods that are regulated and require a Processing License in NY

Food Safety

Home Processing Exemption

Zoning Regulations

Basic Requirements for a Small-Scale Food Processing Establishment

State of NY Department of Health (DOH) – Restaurants

NYS Department of Agriculture and Markets – Food preparation and processing

Helpful Resources for Small Scale Food Processors

Information prepared by Dr. Olga Padilla-Zakour and Dr. Bruno Xavier from the NYS Food Venture Center at Cornell University (<https://cfvc.foodscience.cals.cornell.edu/>) – for educational purposes only – please contact pertinent regulatory agencies for further detail.

The Federal government, individual states, cities and municipalities govern the operation of food processing facilities, whether home kitchens or commercial facilities. Regulations differ from state to state and are determined by the type of food product being prepared and the processing methods used. When considering starting up a home or commercial kitchen, it is important to research which agencies regulate licensing of the product, inspection of the facility, foods allowed and not allowed to be produced in each facility, local zoning laws governing the use of the building, and building codes. All food facilities are required to register with FDA (based on the Bioterrorism Act of 2002) and to renew registration every other year (to comply with Food Safety Modernization Act of 2011, website: <http://www.fda.gov/Food/GuidanceRegulation/FoodFacilityRegistration/default.htm>).

Foods that are regulated and require a Processing License in NY – Article 20-C License from the NYS Department of Agriculture and Markets

This regulation applies to anything that is altered by baking, canning, preserving, freezing, dehydrating, juicing, cider making, pickling, brining, bottling, packaging, repackaging, pressing, waxing, heating or cooking, smoking, roasting, or manufacturing. Requirements vary depending on product. A scheduled process must be developed which outlines recipe testing/formulation, critical control points (to avoid contamination and control hazards), processing steps, storage requirements, distribution and selling conditions/restrictions.

Assistance for developing a scheduled process is available:
NYS Food Venture Center
<https://cfvc.foodscience.cals.cornell.edu/>

For a complete list of products that require an Article 20-C license visit the following website:
<http://www.agriculture.ny.gov/FS/general/license.html>
518-457-4492

Food Safety

HACCP (Hazard Analysis & Critical Control Points) Plans are mandated by FDA regulations for certain products and processes, specifying procedures to be followed to minimize contamination and to minimize/eliminate chemical, physical and biological hazards when processing foods. HACCP plans are required for wholesale (not for retail) sale of seafood, dairy, meat and poultry products, juice and cider processing facilities. Other sectors of the food industry are coming into voluntary compliance. For more information check: <https://www.fda.gov/Food/GuidanceRegulation/HACCP/>

The Food Safety Modernization Act (FSMA), enacted in 2011, requires that food manufacturers enhance food safety and quality by implementing Food Safety Plans, which include Preventive Controls for all aspects of food processing, from incoming ingredients through processing to storage, distribution and sale of the final product. Specific requirements for continuous training programs are also part of FSMA requirements, including that food safety personnel receive specific training on Preventive Controls. Some manufacturers are exempt, in parts or completely, from having Food Safety Plans, depending on the size and types of products manufactured. More information on FSMA and on how to get Preventive Controls training can be obtained on the FDA website: <http://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm461513.htm>

Home Processing Exemption

New York State allows non-hazardous foods such as candy, cakes not requiring refrigeration, cookies, brownies, two-crust fruit pies, breads and rolls, standard fruit jams and jellies, dried spices and herbs, and snack items to be produced in home kitchens (see full list of “approved” non-potentially hazardous home processed foods” on information sheet below). A review of processing procedures may be required for certain products before exemption is granted.

Anyone seeking a Home Processing Exemption must:

- Contact the NYS Department of Agriculture & Markets to obtain this certificate <https://www.agriculture.ny.gov/FS/consumer/FSI898c.pdf>
- Complete an annual water test for bacteria if using private water

Some types of foods may not be produced in a home kitchen, as mandated by Federal regulations. These foods are considered potentially hazardous:

- Low acid and acidified (pickled) foods packed in hermetically sealed containers must be registered with the US Food and Drug Administration (FDA)
- Meat products with more than 3% raw or 2% cooked meat ingredients in a completed product are regulated by the US Department of Agriculture (USDA)
- Vacuum packaged and any other reduced oxygen packaged products

New York State
Home Processor
Registration
Information Sheet:
https://www.agriculture.ny.gov/FS/consumer/FSI-898D_Home_Processor.pdf

Note: Internet sales (Fact Sheet #26 in this Guide) are only considered exempt under the Home Processors Exemption if buyers are also within the state.

Zoning Regulations

Local municipal zoning and planning boards determine the scale of operations permitted in an establishment. They regulate the number of employees allowed on premises and whether a second separate kitchen facility is allowed to operate on site. Check with local building inspectors to determine what operations can take place in the kitchen chosen for food production. There are local building codes that govern the volume of business in a building and egress from a building, drainage issues such as back flow protection, and grease traps. Commercial equipment must comply with fire codes, FDA and USDA requirements as appropriate.

Minimum Food Processing Facility Requirements for New York State:

Procedure	Home Kitchen	Home Annex	Commercial
Inspection	Yes, Potable water required (documented) – municipal or treated well water	Yes, Potable water required (documented) – municipal or treated well water	Yes, Potable water required (documented) – municipal or treated well water
Licensing	Non-potentially hazardous foods for wholesale market exempt from licensing by NYS Dept of Agriculture & Markets (NYSDAM)	20-C license (obtained from NYSDAM) Separate cleaning, sanitizing, and hand wash facilities Fee: \$400.00/2 years	20-C license Fee – \$400.00/2 years
Inspection Agency	NYSDAM May request review of processing procedures by recognized processing authority. Only normal kitchen facilities can be used.	NYSDAM Dept. of Health (for fresh-serve foods only) Kitchen held to restaurant standards (see below).	NYSDAM Dept. of Health (fresh-serve foods only) Kitchen held to restaurant standards (see below).
Zoning	Check with city/town Zoning/Planning Board Issues: Scale of operation, number of employees	Check with municipality Zoning/Planning Board Issues: scale of operation; number of employees 2nd kitchen may not be allowed on premise	Check with municipality Zoning/Planning Board Issues: scale of operation, number of employees

Procedure	Home Kitchen	Home Annex	Commercial
Foods Allowed	<ul style="list-style-type: none"> • Candy (non-chocolate) • Fudge • Cakes not requiring refrigeration • Cookies • Brownies • Two-crust fruit pies • Bread • Rolls • Fruit jams • Jellies • Spices, herbs • Snack items • Baked goods (i.e. bread, rolls) for wholesale distribution 	Any processed food Low acid and acidified foods packed in hermetically sealed containers. Must register and file with FDA. If you are producing an acidified food (i.e. you are adding lemon juice or any type of acid), you will need to take part in an official Acidified Food Manufacturing Training, either in person or online, for \$400	Any processed food Low acid and acidified foods packed in hermetically sealed containers. Must register and file with FDA. If you are producing an acidified food (i.e. you are adding lemon juice or any type of acid), you will need to take part in an official Acidified Food Manufacturing Training, either in person or online, for \$400.
Foods Not Allowed	<ul style="list-style-type: none"> • Cakes that require refrigeration • Pies containing milk, eggs or meat products • Chocolates • Low acid/acidified foods 	Meat products - if more than 3% raw or 2% cooked meat ingredients – USDA regulated	Meat products - if more than 3% raw or 2% cooked meat ingredients – USDA regulated

Basic Requirements for a Small-Scale Food Processing Establishment

State of NY Department of Health (DOH) – Restaurants

- Submit kitchen drawings before construction
- Three-bay sink with stainless steel drain boards or two-bay sink with a commercial dishwasher
- Separate hand washing/mop sink
- Washable materials on walls and work surfaces
- Restaurant grade, commercial tile floors- painted concrete not allowed
- Commercial coolers/refrigeration
- Water from non-municipal water supply must be tested quarterly.
- Review DOH “Checklist for New or Remodeled Establishments”
- Some locales require food worker certification.

*Circulars are available through local Dept. of Agriculture and Markets

NYSDAM, 10B
Airline Drive
Albany, NY 12235

518-457-3880 or
1-800-554-4501

NYS Department of Agriculture and Markets – Food preparation and processing

- Kitchen requirements based on food item(s) being produced- Determined upon inspection
- Easily cleanable, smooth work surfaces
- Non-absorbent, smooth and easily cleanable floors, walls and ceilings
- Review of processing procedures including hand washing, sanitizing, equipment sinks, water potability and food preparation
- Review NYSDAM Circular 951 -Pursuant to the Licensing of Food Processing Establishments
- *Circular 938 – Rules and Regulations Relating to Food Processing Establishments
- *Circular 933-Good Manufacturing Practices

Helpful Resources for Small Scale Food Processors

For assistance in developing a scheduled process for your recipe or developing a processed food product, contact:

Cornell Food Venture Center
Cornell AgriTech
315-787-2273 or cvfc@cornell.edu

To request the publication “Small Scale Food Entrepreneurship: A Technical Guide for Food Ventures”, contact the CFVC using one of the options above or download it directly at:

<https://cornell.app.box.com/v/NECFEGuide/file/70787122021>

The center has a number of other helpful guides available for download in a public Box folder:

<https://cornell.box.com/v/NECFEGuide>

The Institute for Food Safety at Cornell provides a number of programs, courses and services to help reduce food safety risks from farm to fork. They are a good resource for small farm processors across the board from dairy, produce, and craft beverages looking for general food science extension and food safety programs. A schedule of current offerings can be found on the training page of their website:

<https://instituteforfoodsafety.cornell.edu/trainings/food-safety-training-opportunities/>

Among them is an online Good Manufacturing Practices course which reviews GMP requirements that are part of the FSMA Preventive Controls for Human Food regulation in 21 CFR Part 117 Subpart B.

<https://instituteforfoodsafety.cornell.edu/trainings/good-manufacturing-practices-registration/>

To learn about small scale food processing activities in NYS:

Join the NYS Small Scale Food Processors Association
www.nyssfpa.com

Regional Offices of the NYS Department of Agriculture and Markets, Division of Food and Inspection Services:

- 10B Airline Drive,
Albany, New York 12235
518-457-5380
erin.sawyer@agriculture.ny.gov
- 55 Hanson Place
Brooklyn, NY 11217-1583
718-722-2876
- Electric Tower Building
535 Washington Street, 2nd Floor Suite 203
Buffalo, NY 14203
716-847-3185
- 900 Jefferson Road
Rochester, NY 14623
585-487-0200
- NYS Fairgrounds – Art and Home Center
Syracuse, NY 13209
315-487-0852

Additional Resources:

New York State Grown and Certified
<https://certified.ny.gov/>
Contact Jessica Brooks 518-402-7398 or
NYSGrownandCertified@agriculture.ny.gov
More information available at <https://instituteoffoodsafety.cornell.edu/nys-grown-certified/nys-grown-certified-program-information/>

United States Food and Drug Administration
300 Pearl Street, Suite 100
Buffalo, NY 14202
716-551-4478

New York District Office
158-15 Liberty Avenue
Jamaica, NY 11433
718-662-5447

United States Department of Agriculture –
Food Safety Inspection Service (USDA FSIS)
5 Washington Square
Albany, NY 12205
518-457-4492



Collecting Sales Tax

Guide to Farming in New York State

Factsheet Overview

Products Exempt from Sales Tax Collection

Taxable Farm and Food Sales

Becoming a Sales Tax Vendor

Filing Requirements

Note: if these items are sold to someone else who will sell them directly to the public, you do NOT have to collect the sales tax, but you will need to file a resale certificate.

Products Exempt from Sales Tax Collection

Farmers do not need to collect sales tax on farm and food products intended for human consumption; this includes: all fresh and processed foods: fruits, vegetables, baked goods, jellies, jams, preserves, meats, eggs, dairy products, syrup, honey, cider, etc. (unless listed below).

Taxable Farm and Food Sales

When selling direct to consumer, you must collect sales tax on:

- Prepared foods intended for immediate on-site consumption
- Candy
- Soft drinks and fruit juices with less than 70% real juice
- All non-food products that are being sold to the end user
- Cut flowers, bedding plants, trees, shrubs, and other nursery products
- Forest products, firewood**, Christmas trees, lumber
- Fiber products (raw fleece or wool products when sold direct to end users)
- Hay, grain, straw (taxable if not being sold to another farmer)
- Horses sold for pleasure riding
- Ornamental crops like gourds, Indian corn, dried flowers, evergreens, etc.
- Crafts
- Topsoil, turf, gravel

**Firewood sold for home heating is not taxable; while firewood sold for recreational purposes (campfire, bonfire, cookout) is taxable.

Becoming a Sales Tax Vendor – Form DTF-17-I – Certificate of Authority

This means you are involved in the direct sale of products to consumers/end users and must collect sales tax if selling the above taxable items.

There are several types of sales tax vendors:

- Regular Vendors – with a permanent location
- Temporary Vendor – with sales in no more than 2 consecutive quarters in any 12-month period

- Show Vendor – sells products at a flea market, craft fair, show, or farmers' market, on either a regular or temporary basis and does not have a permanent location

You cannot legally make taxable sales until you have received your valid Certificate of Authority.

- Apply for your Certificate of Authority at least 20 days before you begin operating your business
- Your Certificate of Authority must be displayed prominently at your place of business or at fairs/markets
- It is very important to keep detailed records of your taxable sales
- Each transaction must include the item price and sales tax amount. Retain a copy of the receipt. Records should be kept for 3 years

Filing Requirements

- You must file a return each quarter even if you had no sales. Initially you will be classified as a quarterly filer. Monthly and annual filing options are available if you qualify. Do not forget to file as penalties are stiff
- Download the form as a PDF at www.tax.ny.gov/pdf/current_forms/st/ssf17i.pdf

For More
Information:
NYS Dept. of
Taxation and Finance
Publication 750: A
Guide to Sales Tax in
New York State

Obtain by contacting:
800-462-8100

[http://www.tax.ny.gov/
pdf/publications/sales/
pub750.pdf](http://www.tax.ny.gov/pdf/publications/sales/pub750.pdf)



Organic Certification

Guide to Farming in New York State

Factsheet Overview

Becoming Certified

General Overview of Regulations

Cost-Share for Organic Certification

Becoming Certified

Organic production offers many advantages for small farmers including ecologically friendly production methods, strong consumer demand for organic products, and higher prices. Regardless of whether you use organic practices, if you have farm sales of more than \$5,000/year you cannot legally sell your products as “organic,” or even use the word organic in your marketing, unless your farm has been officially certified as organic.

If you sell less than \$5,000/year of product and would like to use the word “organic” in your marketing, you must adhere to organic practices even though there is no certification process required. To learn more about this, download the PDF:

Small Scale Organics

www.kerrcenter.com/publications/small-scale-organics.pdf

You can find the list of all certifying agencies by going to the USDA’s National Organic Program website:

USDA Organic Program

<http://www.ams.usda.gov/AMSv1.0/nop>

Click “List of Certifying Agents.” You can use any agency listed. The two located in New York are:

NOFA — New York, LLC

840 Upper Front St.
Binghamton, NY 13905
607-724-9851
E-mail: certifiedorganic@nofany.org
Website: www.nofany.org
Scope: crop, livestock, handling
Accredited: 4/29/02

Natural Food Certifiers

119a S Main Street,
Spring Valley, NY 10977
888-422-4632
E-mail: nfccertification@gmail.com

Website: www.nfccertification.com

Scope: crop, livestock, wild crop, handling

Accredited: 10/08/02

General Overview of Regulations

Organic regulations are complex and ever-changing, which is why it is important to work with your certifying agency on everything that you do to assure compliance.

In general, you cannot use synthetic pesticides, antibiotics, or petroleum-based fertilizers. To certify a field as organic it must not have had pesticides or petroleum fertilizers applied for the past three years. To certify animals as organic, there are various transition requirements depending upon the animal species: dairy, beef, pork, poultry, etc.

Great attention is paid to nurturing the soil by the use of composts, cover crops, rock minerals and natural fertilizers. Plant disease and pests are controlled through the use of crop rotations, resistant varieties, cultivation, and biological and botanical pest control. Animal health is maintained with wholesome food, adequate shelter, access to the outdoors, and preventive health plans.

Documentation of field maps, adjoining fields, complaints, crop inputs used, yields, sales, feeds purchased, medications used, and equipment-cleaning logs must be kept to maintain your certification.

Cost-Share for Organic Certification

NYS usually offers a program to reimburse you for up to 75% of organic certification fees, not exceeding \$750. Check the latest status of this program here:

<https://www.agriculture.ny.gov/AP/Organic/reimbursement.html>

The National Center for Appropriate Technology has a really good database of videos and fact sheets to help farmers understand the requirements of organic production and record-keeping: <https://attra.ncat.org/organic/>

The USDA also offers a collection of helpful resources on organic education and transition assistance: <https://www.usda.gov/topics/organic/get-organic-training-and-transition-assistance>



Grant Opportunities for Farmers

Guide to Farming in New York State

Factsheet Overview

Challenges of Grants

Available Grant Programs

New York State Sources

Federal Sources

USDA FSA Rural Youth Loan

Other Sources

Challenges of Grants

Grants are NOT available to start a farm and are not a reliable strategy for growing your business. Grants may enable you to expand a particular aspect of your farm business to make your operation more viable, or provide funding to try a new practice on your farm.

Grants are highly competitive so apply only if the project you are proposing clearly meets the grantor’s objectives. Always find out what kinds of projects were funded in the past to determine if your project is in line with what has been funded.

It takes significant time and effort to write a winning grant proposal. Instructions must be followed precisely. Grants often require a cash or in-kind match that must be documented in the budget you propose. They also often operate on a “reimbursement” basis, meaning that if you are awarded a grant, you have to front the cash to implement the project and then get reimbursed later by the grant funds, which can put a real strain on farm finances.

Grant proposals will not be considered if they arrive late after the deadline for application. Deadlines for application submission and instructions are generally announced once a year. Most grants are not available on an ongoing basis.

Once you submit a grant, it may take 3 to 6 months to find out if your application was selected for funding. If funded, it also takes time to finalize the contract. Generally, you will not be reimbursed for money spent prior to receiving the signed contract. Grant contracts require that you write a report of the results and provide an accounting of how the money was spent; therefore, you must keep accurate records. Grants are also considered income for tax purposes, so keep in mind that you will pay income tax on the funds you are awarded.

Available Grant Programs

If you’ve carefully read all of the above and still want to apply for a grant, there are several programs available to farmers from federal or state sources, each with specific objectives. Grants fall into three general types:

1. Grants for business planning, adding value and increasing farm viability
2. Grants for on-farm research and demonstration projects that are mostly production-oriented though some include marketing demonstration projects
3. Grants for farm energy conservation, alternative energy, environmental protection/conservation and waste management

New York State Sources

New York State	Various funding opportunities available for farmers in NYS Note: Grants from NYS now require a cumbersome pre-qualification process: grantsgateway.ny.gov	http://www.agriculture.ny.gov/518-457-7076
NYS Good Agriculture Practices/Good Handling Assistance Certification Program (GAP/GHP)	The Department will pay up to \$750 for a private firm or NYS Dept. of Agriculture audit, including water tests, to verify a farm’s food safety program. This certification applies to produce farms who sell to retail and wholesale buyers requiring GAP Certification. Applications must be approved prior to the audit. Funds are available on a first-come first-serve basis until the funds are depleted or December 31.	For more information: http://www.agriculture.ny.gov/rfps/GAP/2012/GAP-Certification.pdf Link to application: http://www.agriculture.ny.gov/rfps/GAP/GAP-Application.pdf
Organic Certification Funding Assistance	Organic farmers and processors are eligible for a reimbursement of 75% of their annual certification fee costs not to exceed \$750. The certification must be conducted by an organization accredited by the U.S. Department of Agriculture.	http://www.agriculture.ny.gov/AP/Organic/reimbursement.html

NYS Specialty Crops Block Grants Program:

- **Purpose:** Increase the competitiveness of specialty crops, encourage efficiency, partnerships, innovation, and new markets. The RFP includes many areas of focus including: packaging/labeling, environmental quality, distribution, education and outreach, food safety, food security, marketing and promotion, product development, plant health and international trade.
- **Eligibility:** Funding available to non-profits, for profits, individuals, educational institutions, and government; however, individuals and businesses must partner with others. Eligible crops are defined as fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops (including floriculture), herbs and spices.
- **Information:** For questions, contact: Mark McMullen, 518-457-4383
<http://www.agriculture.ny.gov/AP/slide/SpecialtyCrop.html>

New Farmer Grant Fund:

- **Purpose:**
Assistance for beginning farmers
- **Eligibility:**
Must be in the first 10 years of business with a significant ownership in a farm operation that generates at least \$10,000 in sales. Eligible projects include, but are not limited to, the purchase of machinery and equipment, supplies, or construction or improvement of physical structures used exclusively for agricultural purposes.
- **Funding:**
Will fund up to \$50,000 and the applicant must pay for half of the proposed project cost (50% cost share match).
- **Information:**
http://esd.ny.gov/BusinessPrograms/Data/NewFarmersGrantFund/2015_Guidelines_NewFarmers.pdf
The opportunity to apply is announced annually in October, applications are due in January and awards are announced in June. Contracts follow and therefore it may be fall before a project can start.

NYS Dept. of Ag & Markets – Agriculture & Farmland Protection Projects

- **Purpose:**
State assistance for the purchase of agricultural conservation easements (development rights) to permanently restrict development of valuable agricultural lands
- **Eligibility:**
Counties or municipalities with approved Ag & Farmland Protection Plans – Farmers should contact county or town government if interested in the sale of development rights.
This application is submitted by the municipality and not the farmer.
- **Funding:**
No cap; State provides 75% of the cost to acquire the easement; farmers or local government provides 25%
- **Information:**
<http://www.agriculture.ny.gov/AP/agservices/farmprotect.html>

NYS DEC Water Quality Improvement Projects:

- **Purpose:**
Implement practices to improve water quality
- **Information:**
Contact your county SWCD for information on local funds; funding is not competitive but funds are limited and must meet criteria for water quality protection. Here is a link to county offices:
http://www.nys-soilandwater.org/contacts/county_offices.html

NYSERDA-New York State Energy Research and Development Authority:

- **Purpose:**
NYSERDA offers technical assistance to identify energy efficiency measures for eligible farms and on-farm producers.

- **Information:**
Free Agriculture Energy Audits are available as well as technical assistance identifying other third-party funding opportunities. There are three levels of audits available and separated by level of detail.
<https://www.nysesda.ny.gov/All-Programs/Programs/Agriculture-Energy-Audit>

NYS Climate Resilient Farming Program:

- **Purpose:**
Implement practices to improve climate resiliency
- **Information:**
There are 3 tracks and applicants must choose one:
1. Manure cover and flare systems
2. Water Management
3. Soil Management.
Grants cover 75% of project costs and focus on practices to mitigate agriculture’s contribution to climate change, as well as helping farms adapt to the changing climate. Applications are usually due sometime in the first quarter of the year. Contact your county Soil and Water Conservation District to get more information:
http://www.nys-soilandwater.org/contacts/county_offices.html

Federal Sources

USDA-SARE/Sustainable Agriculture – Farmer/Grower Grant:

- **Purpose:**
Support on-farm research demonstrations, marketing innovations, value adding activities and other projects.
- **Funding Level:**
Capped at \$15,000; capital improvements limited to \$500 of total project cost; no match required. Annual deadline in late November.
- **Information:**
nesare@uvm.edu
<http://www.nesare.org/Grants/Get-a-Grant/Farmer-Grant>
802-656-0471

USDA Rural Development – Value Added Producer Grant:

- **Purpose:**
Encourage producers of commodities to add value to products by further processing them – for feasibility studies, business and marketing plans, studies to establish a new venture, and working capital for established ventures with a business plan.
- **Funding Level:**
Planning grants up to \$100,000 and working capital grants up to \$300,000
- **Information:**
<http://www.rd.usda.gov/programs-services/value-added-producer-grants/ny>
Scott Collins: 315-477-6400

***Application must be submitted by your county soil and water district!

***Check with county soil and water district regarding programs and federal funds for project implementation!

Loans, grants, incentives

USDA Rural Development – Rural Energy for America Program (REAP)

- **Purpose:**
Help farmers and rural businesses make energy improvements and install renewable systems
Three programs available: Energy Audit and Renewable Energy Development Assistance; Energy Systems/Energy Efficiency Improvement; and Feasibility Studies Grant Program.
- **Eligibility:**
Project must be located in an area with less than 50,000 inhabitants.Funding for systems that generate energy from wind, solar, biomass, geothermal sources; and for energy efficiency improvements-upgrade equipment or processes.
- **Funding Level:**
Varies with program (see info on website)
- **Information:**
gary.pereira@ny.usda.gov
<http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency>
Gary Pereira: 315-736-3316

USDA NRCS – Farm Bill Initiatives for Conservation Practices:

- **Purpose:**
The Farm Bill authorizes several new initiatives geared at land conservation and water quality protection. There are 3 main funding areas: Ag Management Assistance for water management or irrigation systems; Conservation Stewardship Program focused on protecting soil and water quality and energy; and EQIP – Environmental Quality Incentives program for practices that address natural resource concerns on land. Under EQIP, there is a popular High Tunnel funding program:
http://www.nrcs.usda.gov/wps/portal/nrcs/detail/ny/programs/financial/equip/?cid=nrcs144p2_027074
- **Information:**
Find out what is available by contacting your county or regional USDA Service Center:
<http://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/?&cid=stelprdb1048817>
315-477-6504

USDA FSA Rural Youth Loan

FSA makes loans to individual youths to establish and operate income-producing projects of modest size in connection with their participation in 4-H clubs, FFA, and similar organizations. Each project must be part of an organized and supervised program of work designed to provide practical business and educational experience. The project must be planned and operated with the help of the organization adviser and produce sufficient income to repay the loan. A youth loan is available to young persons between the ages 10 and 20 years. The maximum loan amount is \$5,000. Loan funds may be used to buy livestock, seed, equipment and supplies; buy, rent or repair tools and equipment, or pay operating expenses.

Other Sources

Fund a Farmer (a project of Food Animal Concerns Trust)

- **Purpose:**
Grants for projects that help family farmers transition to pasture-based systems, improve the marketing of their humane products, or more generally to enrich the conditions in which the farm animals are raised.
- **Funding Levels:**
Up to \$2,500
- **Information:**
Full eligibility requirements, application, and program details available at www.fundafarmer.org/apply-for-grant/grant-guidelines

For an application, contact:
USDA FSA office that serves your county
<http://offices.sc.egov.usda.gov/locator/>



Opportunities for Veterans in Farming

Guide to Farming in New York State

An increasing number of programs and resources are available for veterans entering farming. Navigating through federal, state and local channels can be time consuming. While not intended to be all encompassing the information below will help you get started.

Sign up for the New York State Veterans in Agriculture Listserve:

From the email address you'd like to use for your list subscription, send an email to NYVETSAG-L-request@cornell.edu and type the word "join" (without quotations) in the body of the message. The Small Farms Program and our partners will be using this forum to publicize events, resources, and opportunities related to veterans interested in farming in NYS.

Armed to Farm (ATF)

Armed to Farm is a National Center for Appropriate Technology program that provides training on sustainable agriculture to veterans. ATF is a combination of farm tours and classroom instruction that focuses on business planning, livestock production, and fruit and vegetable production. <https://www.ncat.org/armedtofarm/>

The Farm Bureau Resource Guide to Assist Veterans in Agriculture.

A Farm Bureau and Farmer Veteran Coalition Partnership https://www.farmvetco.org/wp-content/uploads/2014/03/FB_Vet_GuideOct13final.pdf

The Farmer Veteran Coalition.

National non-profit organization "mobilizing veterans to feed America": <http://www.farmvetco.org/>. In New York State contact Jamie Critelli: jamie.critelli@gmail.com (530) 756-1395.

Heroic Food

Heroic Food is based in Columbia County, NY and is being developed in collaboration with the Farmer Veteran Coalition. It's a residential, tuition-free program, and participants will have paid training positions on farms and other income streams throughout the program. <http://heroicfood.org/> (917) 806-5055.

National AgrAbility Project

The vision of AgrAbility is to enhance quality of life for farmers, ranchers, and other agricultural workers with disabilities. While the term "disability" often brings to mind conditions such as spinal cord injuries and amputations, AgrAbility addresses not only these but also many other conditions, such as arthritis, back impairments, and behavioral health issues. <http://www.agrability.org/> 1-800-825-4264.

Veterans Outreach Center Inc.

Founded locally in 1973 by returning Vietnam veterans, the center is serving the veterans and military families of Greater Rochester (585) 546-1081 and Buffalo, NY (716) 424-1892. Offering a comprehensive portfolio of supportive services designed to meet the needs of veterans and their families. <http://veteransoutreachcenter.org>

Clear Path for Veterans

Clear Path for Veterans is a program to help veterans, military members and their families. They provide myriad programs and services to make this happen. Each program and service relies on one of three methods: Self-empowerment, Peer-to-Peer support, or Community involvement. <http://www.clearpath4vets.com/> (315) 687-3300.

USDA Start Farming

This agency provides support to farmers to help them start and continue farming. <https://newfarmers.usda.gov/veterans> (202) 720-2791

USDA Wants You!

Veterans in Agriculture brochure: <https://www.nal.usda.gov/sites/default/files/vetsagbrochure.pdf>

Contact your Regional Learning Network Leader. Tell them you are a veteran in their region who is interested in a career in agriculture (or already farming) and get plugged in to activities near you.

In Western NY – Lynn Bliven: lao3@cornell.edu (585)268-7644 ext. 18

In Northern NY – Cathy Moore: cmm17@cornell.edu (315) 788-8450 ext. 236

In Eastern NY – Leora Barish: leorabarish@gmail.com (917) 806-5055

In Southern NY – Laura Biasillo: lw257@cornell.edu (607) 584-5007

In Central NY – Matt Weiss: mw84@cornell.edu (607) 255-9911

Get Local Help:

It's always best to first ask questions to your local small farm agent since they are familiar with events and opportunities for your county. You can find your local Cooperative Extension Small Farms liaison by checking the county-by-county listing at: <http://smallfarms.cornell.edu/contact/local-contacts/>

Looking for local events/trainings? We highly recommend subscribing to the Cornell Small Farms Program's bi-monthly newsletter. It brings you statewide events, ag funding opportunities, new resources, and small farm related job or career opportunities every two weeks. Subscribe at <http://smallfarms.cornell.edu/contact/e-news-sign-up/>

Download a free copy of the Veteran Careers in Agriculture: A Resource Guide: http://www.farmvetco.org/wp-content/uploads/2014/01/RG_FINAL_WEB_compressed.pdf



Agricultural Agencies/ Organizations

Guide to Farming in New York State

Factsheet Overview

- Federal Agencies
Serving Agriculture
- NYS Agencies
- Cornell Programs
- Organizations
Serving Agriculture

Federal Agencies Serving Agriculture

USDA Farm Service Agency	Federal agency with county offices across the state to administer farm loans, price support programs, commodity programs and payments, conservation programs, and disaster assistance.	www.fsa.usda.gov/ny 315-477-6300
USDA Natural Resource Conservation Service	Federal agency that has a mutual agreement with state-funded Soil and Water Conservation Districts. NRCS has 47 field offices and provides one-on-one assistance to private landowners and local governmental units in all aspects of natural resource protection. They also administer federal cost-share conservation programs.	www.ny.nrcs.usda.gov/ 315-477-6504
NYS Agencies		
Soil and Water Conservation Districts	There are 62 county soil and water conservation districts in the state that provide information on conservation and wise use of the natural resources. Depending upon the district office, they may have money available for cost-share on land improvement and conservation projects.	www.nyacd.org/ 518-857-0060
NYS Department of Agriculture and Markets	State agency regulating agricultural businesses and commerce. They administer marketing regulations that govern product sales, the agricultural districts program, agricultural conservation easements, provide market assistance and promotion, and offer several grants programs to increase farm viability.	http://www.agriculture.ny.gov/ 800-554-4501

NYS Department
of Environmental
Conservation

State environmental regulatory agency with programs addressing: water quality, mineral resources, lands and forests, fish and wildlife, and pesticide/hazardous materials regulation. They offer some technical assistance but generally focus on the regulation of activities to assure compliance with state pollution regulations.

<http://www.dec.ny.gov/>

Cornell Programs

Cornell Cooperative Extension	Key outreach system of Cornell University with a strong public mission and an extensive local presence that is responsive to needs in New York communities. There are 56 associations across the state to offer educational programming in the areas of community development, agriculture, environment, family and youth, financial management, gardening, and nutrition and health.	www.cce.cornell.edu
Cornell Small Farms Program	Fostering the sustainability of diverse, thriving small farms through information, events and activities, small farms research, and a free quarterly newsletter that is a must read for small farmers.	www.smallfarms.cornell.edu 607-255-9227
NY FarmNet	Free and confidential on-farm consultants help farm families answer business and personal questions about finances, farm transfer, natural disaster, personal stress, family communication, and marital conflict.	www.nyfarmnet.org 800-547-3276

Organizations Serving Agriculture

New York State Farm Bureau	The state's largest non-governmental, volunteer agricultural organization financed and controlled by farm families for the purpose of solving economic and public policy issues challenging the agriculture industry. They are a grassroots-based lobbying organization and offer educational resources to farmers in the state in addition to discounts on insurance and other products.	www.nyfb.org 800-342-4143
New York State Grange	Agricultural and rural community fraternal organization with a focus on community involvement. They are a grassroots organization with a legislative agenda and many community involvement programs.	http://www.nysgrange.org/ 607-756-7553

American Farmland Trust	Farmers and conservationists concerned about the rapid loss of the nation’s farmland to development, American Farmland Trust (AFT) is a nonprofit membership organization dedicated to protecting our nation’s agricultural resources. They have a legislative agenda and programs to help deter and/or stop the development of farmland.	https://www.farmland.org/
NOFA-NY – New York Organic Farmers’ Association	NOFA-NY is an organization of consumers, gardeners and farmers creating a sustainable regional food system that is ecologically sound and economically viable. They also have a separate LLC that is the leading organic certification organization in the state.	http://www.nofany.org/ 607-724-9851
Other NYS Producer Organizations	There are many organizations specific to production interests (for example, NYS Apple Association, Vegetable Growers, Christmas Tree Growers, etc.). The NYS Dept. of Agriculture & Markets publishes a Directory of New York State Agricultural Organizations.	To view this directory online, visit: https://www.agriculture.ny.gov/Ag_Org_Directory.pdf





Information for Getting Started

Guide to Farming in New York State

Factsheet Overview

- Websites
- Books
- Journals and Magazines
- Conferences and Events

There are numerous resources to help you learn how to grow or market specific products. These are a few that have been verified for content. Reading and research are great, but if you want to start a farm, the best way is to learn from farmers who are already doing it!

Sign up to receive the monthly Small Farms Update, which contains links to several event calendars, as well as resources useful to farmers:

Cornell Small Farms Program Update Sign- Up
<http://smallfarms.cornell.edu/contact/e-news-sign-up/>

Websites

Cornell Small Farms Program	Contains a wealth of information about production, marketing, and business management	www.smallfarms.cornell.edu 607-255-9227
ATTRA (Appropriate Technology Transfer to Rural Areas)	One of the best clearinghouses of information on sustainable agriculture in the country. ATTRA is committed to providing high value information and technical assistance to farmers, ranchers, Extension educators, and others involved in sustainable agriculture in the United States.	www.attra.org Toll-free helpline: 800-346-9140 (English) 7 a.m. to 7 p.m. Central Time 800-411-3222 (Español) 8 a.m. to 5 p.m. Pacific Time
eXtension	An interactive learning environment that has information on agriculture production and business management issues. The information posted here represents the best information based upon researchers and educators across the country. New content is added regularly.	www.extension.org
Rodale Institute's New Farm website	Covers everything of interest to organic farmers	http://rodaleinstitute.org/farm/newfarm/

Books

- Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses
Available online in PDF format from: <http://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business>
- Starting an Ag Business? A Pre-Planning Guide by Steve Richards
Available online in PDF format from: https://www.agmrc.org/media/cms/AgBizPrePlanningGuide_91D3019CA30CE.pdf
- Farms with a Future: Creating and Growing a Sustainable Farm Business by Rebecca Thistlethwaite
Lays out key lessons on starting and operating a successful farm business, based on the author's experience and travels around the country interviewing farmers. Available from Chelsea Green Publishers.
- The Organic Farmer's Business Handbook by Richard Wiswall
Contains excellent advice and a clear process for managing your farm for profit, also comes with a CD with template forms. Available from Chelsea Green Publishers

Journals and Magazines

- Small Farm Quarterly
All articles available in PDF format online at: <http://smallfarms.cornell.edu/quarterly/>
- Acres USA – Voice for Eco-Agriculture
<https://www.acresusa.com/>
- Growing for Market
www.growingformarket.com

Conferences and Events

- NOFA-NY – the Northeast Organic Farming Association's (NOFA) of NY Annual Conference is in January each year
Check www.nofany.org for details in the fall
- PASA – the Pennsylvania Association of Sustainable Agriculture (PASA) holds its annual conference in February in State College, PA
Check www.pasafarming.org for details
- Other NOFA conferences – Most Northeastern US states have a NOFA organization, and most of them also host an annual conference, though there is one Summer Conference in MA. Search for an "organic farming association" in your state, or check out the links to the right.
NOFA-VT: <https://nofavt.org/conference>
NOFA-MA: <https://www.nofamass.org/events/wc>
<https://www.nofamass.org/tags/summer-conference>
NOFA-NJ: <https://nofanj.org/>
NOFA-NH: <https://www.nofanh.org/winterconference>
NOFA-RI: <https://nofari.org/events/winter-conference/>



When Am I a Farm?

Guide to Farming in New York State

Factsheet Overview

Checklist for Starting a Farm

Farming Milestones

The answer to this question varies, as different programs and agencies each have their own thresholds for what is officially considered a farm. Below are some basic first steps to follow to create a farm business and start generating sales. The table following the checklist provides some information sources for understanding what it means to achieve various sales levels.

Checklist for Starting a Farm

- **Register your farm name as a DBA (“Doing Business As”) or an LLC -**
Consult Fact Sheet #13 Business Structures in this Guide to learn more about how to do this, and other options for legal structures. Do a thorough search online of any farm name you are considering, to see who else is using it, and whether the website URL and social media handles you want are available.
- **Open a business bank account -**
From the very beginning, you should keep your farm income and expenses separate from your household finances. Open a bank account in the name of your farm business, and transfer some seed money into it so you’ll have funds to purchase your start-up supplies. If you use personal savings for this seed money, keep track it as your equity in the farm business. If you use a loan, you’ll need to track that too, which leads to the next step:
- **Choose a method to track expenses (save receipts) and income -**
See Fact Sheet #15 Record Keeping in this Guide for some options.
- **Register your farm with the Farm Service Agency (FSA) and get a farm # -**
The FSA is the financial arm of the US Dept of Agriculture. They maintain an office in nearly every county; search online or use this search tool to locate the one that serves farms in your area.
<https://offices.sc.egov.usda.gov/locator/app>
Why is it important to register as a farm “operator” with FSA? Two reasons: even if you are leasing the land on which you are farming, you will be counted as part of the Ag Census, and whenever there are programs that could provide funding or conservation assistance to your farm—like farm loans, crop insurance, disaster assistance compensation, or cost-share on fencing or pollinator planting—you will already have a record set up with the FSA. And you’ll be on their contact list so you are more likely to hear about upcoming funding sources!

- **Get Farm Insurance, including Product Liability -**
See Fact Sheet #5 Farm Risk Management and Fact Sheet #6 Farm Insurance in this Guide for an overview on types of insurance and considerations as you shop around.
- **Start selling crops or livestock**
(Note: Some benefits of being a farm are applied as soon as you start producing a multi-year crop – like perennial woody species or beef cattle – rather than when you start selling.)
- **Include your farm sales and expenses on your annual tax return -**
If you make \$1,000 in sales, you should file a Schedule F with your federal taxes. It’s worth finding a tax accountant with farm expertise to help with your taxes, as there are many special considerations for farms with which general tax preparers or accountants are not likely to be familiar. See Fact Sheet #16 Income Taxes for more detail.

Farming Milestones

Criteria	Implications	Agency
You are purchasing any supplies to be used in the production of farm goods for sale	You do not need to pay sales tax on most farm-related purchases. Locate the ST-125 Sales Tax Exemption form (see Fact Sheet #17 Sales Tax Exemptions and Refunds in this Guide, http://smallfarms.cornell.edu/2017/05/01/17-sales-tax-exemptionsrefunds/) Bring this form with you when you shop, and give a copy to each vendor. If you check the “blanket use” box, they will have it on file all year so you won’t have to submit it to them again, though you will need to remind them at each purchase that you are exempt from sales tax.	NYS Dept of Taxation and Finance
\$1,000 in gross sales	You will be expected to keep financial records, including all receipts, and submit your farm income and expenses on the Schedule F form as part of your annual income taxes. See Fact Sheet #16 Income Taxes for more detail, http://smallfarms.cornell.edu/2017/05/01/16-income-taxes/	Internal Revenue Service
\$10,000 in avg gross sales over 2 years (\$50,000 if you farm on fewer than 7 acres)	You (or your landlord, if you rent land) will qualify for Agricultural Assessment on property taxes, which lowers the amount owed annually. See Fact Sheet #21 Ag Value Assessment for Farmland in this Guide for more detail.	Town/County Assessor’s Office
Farm income is at least 2/3 your total household income	The Farmers’ School Tax Credit allows you to receive a credit on your State Income Tax equal to 100% of the school taxes paid on the first 350 acres of property and 50% of the school taxes paid on the acreage beyond 350. To learn more, see Fact Sheet #16 Income Taxes, http://smallfarms.cornell.edu/2017/05/01/16-income-taxes/	NYS Dept of Taxation and Finance