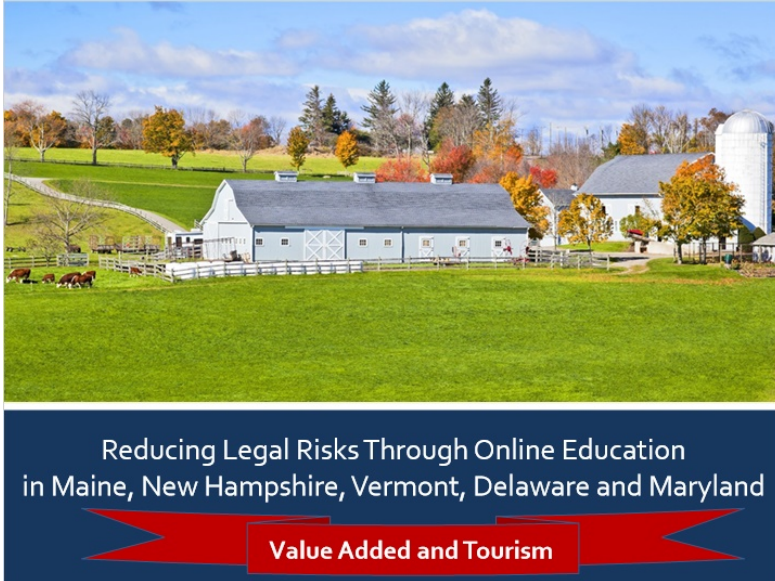


tourism

1. Tourism

1.1 Reducing Legal Risks Through Online Education



1.2 Untitled Slide



1.3 Introduction to Added Value

Introduction to Added Value and Agritourism

1.4 Getting Started:

Getting Started:

- This module will review a few things that any farmer needs to explore while planning a value-added or agritourism venture.
 - The first issue is the potential land use restrictions of zoning. The zoning code may prohibit the farmers' planned venture outright. Or, it might require the farmer to seek a license or a permit. Either way, this is a huge factor to planning any successful new venture.
 - After we cover zoning, we'll explore the farm's obligation to people with disabilities, tax obligations, and food service permits.
- With these basics, farmers will be on their way to legal resiliency while adding value to their farm's products.



1.5 Zoning: An Introduction

Zoning: An Introduction

1.6 Picture it:

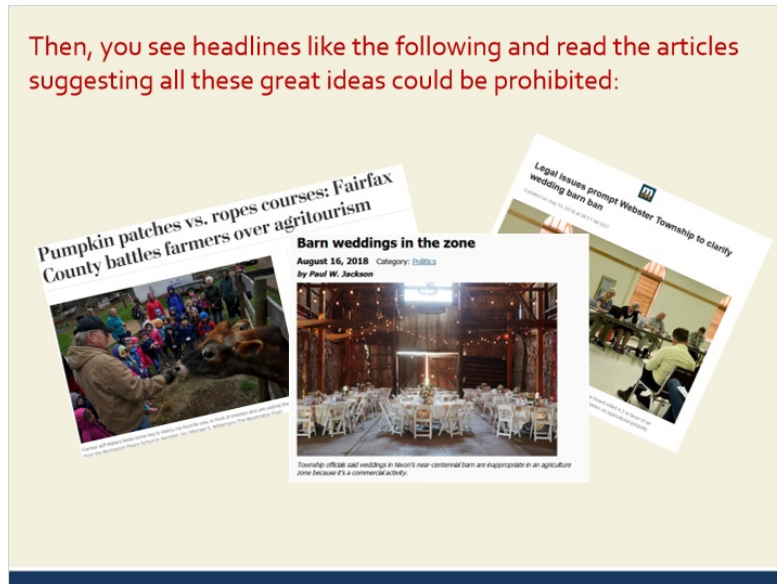
Picture it:

You have a successful farm operation but want to build another revenue stream to compliment the production of crops and livestock. You are thinking through many options, including all of the following:

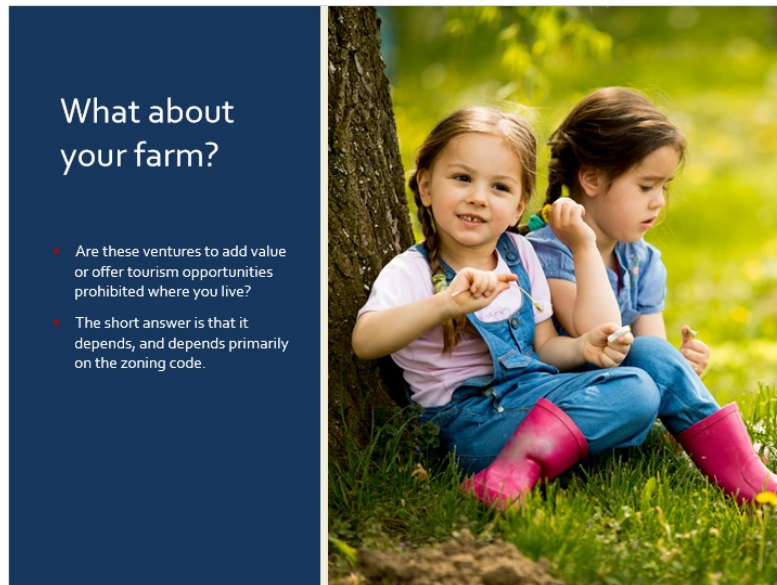
- Hosting tours
- Offering classes
- Creating camping or hiking experiences
- Opening a petting zoo
- Making preserves from your fresh produce
- Turning your meats into meals
- Starting a summer camp for kids
- Creating a seasonal festival
- Opening a farm stand
- Offering brunch or pizza, cooked on the farm
- Inviting food trucks to set up at an event
- Building a "wedding barn" and facilities for family reunions



1.7 Then, you see headlines like the following and read the articles suggesting all these great ideas could be prohibited:



1.8 What about your farm?



1.9 Zoning: What and Why

Zoning: What and Why

1.10 Zoning: What and Why

Zoning: What and Why

- Let's explore why this issue arises in the first place. Agricultural areas and the countryside have long been regarded as quiet, low-traffic communities. The noise, cars, and scenic interruptions of an agritourism or value added operation can disrupt the expectations of community members. Where new ventures alter existing traffic, noise, and view patterns neighbors have come to expect, problems can develop.



1.11 What is Zoning?

What is Zoning?

- Zoning is a system of land use regulation that controls where and how specific activities may occur in a community.
- Municipalities, counties, and townships write and enforce zoning codes.
- The code is generally composed of two elements:
 1. Maps: This divides the community into zones and text describing the regulations relative to each zone.
 2. Various Descriptions: Some codes provide a description of what may occur (i.e. Concerts are allowed), others describe activities that are prohibited (i.e. Concerts are not allowed), yet other codes describe the end results that must be achieved regardless of the activity type that causes the result (i.e. Operations that result in noise exceeding 70 decibels are not allowed.) Most codes also describe which activities require a permit before they will be allowed.

1.12 What is an Ordinance?

What is an Ordinance?

- The code is generally written into an ordinance.
- A community establishes or modifies zoning regulations by adjusting the map or revising the text of the ordinance.
- The process is generally a democratic one, with community members elected or appointed to the offices responsible for defining and/or enforcing zoning.
- Zoning entities are highly variable in terms of their makeup and function within local government overall, including their relationship to state and local planning offices.



1.13 Understand the Zoning Code:

Understand the Zoning Code:

- If you own or manage a farm, understanding the zoning code is incredibly important.
- Even farmers planning nothing more than the production of crops or livestock have a lot to gain from an understanding of whether and how many animals may be housed on the property, where buildings may be located, and what types of events may be hosted.
- Of course, if a farmer hopes to conduct any agritourism or value-added operation, the code's restrictions are essential to a strong plan as zoning codes that give wide berth to agricultural operations often restrict tourism or value-added ventures.
- Your first task is to learn the zone in which your farm resides to understand what is allowed (i.e. bee keeping and raising poultry or livestock).



1.14 Find Your Zone!

Find Your Zone!

- In Vermont and New Hampshire, everyone is located in a municipality, so farmers should start there.
- The situation is more fluid for Maryland, Delaware, or Maine farmers. Begin with the municipal government, but if you don't see any zoning authority at your municipal government, or if you aren't located in a municipality, look elsewhere.
- In Maine, the state Land Use Planning Commission administers zoning in unorganized territories.
- In Maryland and Delaware, the county may have elected to zone. It is possible that no authority has enacted zoning for your property.

1.15 Find Your Zone!

Find Your Zone!

- In Vermont and New Hampshire, everyone is located in a municipality, so farmers should start there.



1.16 Find Your Zone!

Find Your Zone!

- The situation is more fluid for Maine farmers. Begin with the municipal government, but if you don't see any zoning authority at your municipal government, or if you aren't located in a municipality, look elsewhere.
- In Maine, the state Land Use Planning Commission administers zoning in unorganized territories.



1.17 Find Your Zone!

Find Your Zone!

- The situation is more fluid for Maryland and Delaware farmers. Begin with the municipal government, but if you don't see any zoning authority at your municipal government, or if you aren't located in a municipality, look elsewhere.
- In Maryland and Delaware, the county may have elected to zone.
- It is possible that no authority has enacted zoning for your property.



1.18 Activity:

(Text Entry, 0 points, 1 attempt permitted)

Activity:

- Which body enforces zoning for your parcel?
- What zone is your farm located?
- What is and is not allowed in your code? Browse the text of the code. Do you see a list of what is or is not allowed in your zone? Describe in the box to the right.

Having troubles with any of these steps? Contact your local Extension agent for guidance.

type your text here

Submit

1.19 Sales Tax

Sales Tax

1.20 Untitled Slide

The Basics of Sales Tax on the farm:

- Although the sale of raw agricultural product is generally exempt from sales tax, that exemption doesn't extend to the farm as a whole.
- Farms may need to collect and remit sales tax for tickets, event admissions, processed products, and food that is sold ready-to-eat.
- The following table will help you identify your state-level obligations with respect to sales tax on certain items. (Cities or other local governmental units may assess additional tax obligations, not explored here.)



1.21 State Sales Tax:

State Sales Tax:

State	Tickets and admissions	Processed Product	Food for Immediate Consumption
Delaware	No tax		
Maine	No sales or amusement tax	Generally, no grocery tax	Sales tax of 8%
New Hampshire	No tax		
Maryland	"Amusement tax" of 1-10% may apply	No grocery tax	Sales tax of 6%
Vermont	Sales tax of 6%	No grocery tax	"Meals Tax" of 9%

1.22 Untitled Slide






Fulfilling sales tax obligations:

If the farm is obligated to collect sales tax, the process begins by registering with the state department of revenue for a sales tax permit. The table below outlines the state office handling sales tax matters, the name of the permit needed, and a link to more information on receiving a tax permit.



1.23 State Tax Contacts

State Tax Contacts:

State	Office	Process	Link
 Delaware	NA		
 Maine	Maine Revenue Service	Apply for a "Sales and Use Tax" account	Maine Revenue Service Link
 New Hampshire	NA		
 Maryland	Comptroller of Maryland	Complete the "Maryland Combined Registration" process	Maryland Combined Registration information link
 Vermont	Vermont Department of Taxes	Apply for a "Business Tax Account"	Form BR-400 Online application link

1.24 Income Tax

Income Tax

1.25 Income Taxes and Farming :

Income Taxes and Farming :

- When it comes to federal income taxes, the IRS treats “farming activities” and “non-farming activities” differently.
- Farmers are therefore required to report income and expenses from non-farming activities separately.
- Farm income and expenses are reported on Schedule F, Profit or Loss from Farming.
- Non-farming income and expenses are reported on Schedule C, Profit or Loss from Business.
- The profit or loss from these activities—whether farming or non-farming—is then carried to the income section of the Form 1040.
- Farming activities include growing and harvesting crops, raising livestock or poultry, and preparing un-manufactured farm products for market and delivery to market.
- As a rule of thumb, work done on a farm in connection to farming operations is farming. Activities done on a farm that are tangential to farming and activities conducted off the farm are generally non-farming.



1.26 Let's use an example:

Let's use an example:

- We have a farmer, named Jane. In addition to selling veggies and apples, Farmer Jane makes and sells cider and dried apple rings.
- Activities associated with making and selling the cider and drying the apple rings are not farming activities. Any income and expenses associated with Jane's cider and dried apple ring venture would therefore have to be reported on a Schedule C tax form.



1.27 Let's use a video of us matching for them!

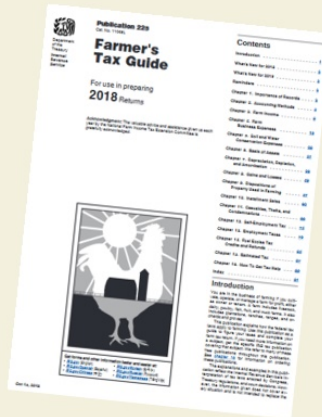
Let's use a video of us matching for them!

- How would Jane account for this when reporting income and expenses for her value-added venture?
 - She would do this by divvying it up as follows. The value of the apples before processing would be treated as a sale on a Schedule F and a purchase on a Schedule C. Expenses associated with the production of the apples would be allocated to a Schedule F. Expenses associated with the processing of the apples to make the cider and dried apple rings would be allocated to a Schedule C. Any expenses associated with the general marketing and delivery of her products could be allocated between Schedules C and F based on sales percentages of the respective products—i.e., veggies and apples (Schedule F) and cider and dried apple rings (Schedule C).

1.28 Income Tax Review :

Income Tax Review :

- Accounting for the associated revenue and costs for value-added and agritourism ventures can be intricate and complex.
- Farmers with diversified operations should consider seeking the advice of an accountant or tax attorney before filing their tax returns.
- For more details on properly reporting farm income and expenses, see IRS Publication 225, [The Farmer's Tax Guide](#).



1.29 Accommodating All Persons

Accommodating All Persons

1.30 Live Video - Accommodating . mov

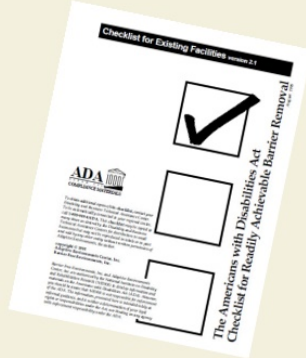
Live Video - Accommodating . mov

- Let's meet Farmer April. We're going to follow Farmer April as she explores the legal implications of some new agritourism, food service, and value-added ventures she is exploring for her farm. April has an apple orchard. She farms and lives near town, so it's the perfect place for a family to visit during the autumn harvest season. April has been slowly shifting from a wholesale focus to a focus on new outlets that might help her business become more profitable. Although she hasn't taken any steps yet, she's beginning to imagine how she might host a fall festival on her orchard. She's begun brainstorming the features she'd like to have, such as a dunk tank and bouncy house for the kids, along with apple cider tastings and apple peeling contests for the adults.
- April's biggest concern at this point is her aging infrastructure. The barn doors are narrow and creaky. Her rocky fields can be difficult in wet weather. The ground is quite steep and paths get muddy. She knows she needs to make improvements. But, how extensive should her adaptations be? She knows some businesses need to install ramps for individuals who use wheelchairs, for example. Does she need to do that?
- April's thought process is a terrific example of thinking proactively to address legal problems before they develop. The quick answer is yes, April MAY need to make some improvements to ensure people with disabilities can come to her farm. However, the full answer is quite a bit more complicated.
- First, we need to consider whether April's farm is open to the public. If she hosts a fall festival where anyone can buy a ticket or enter for free, then the answer is yes. Now, if April is planning the fall festival just for her church members or other select audience, the answer might be no. Farmers, and anyone who offers recreational opportunities to the public, must not discriminate against those with disabilities, as required by the Americans with Disabilities Act, or ADA.
- Once we realize that April's fall festival is a public opportunity and discrimination is prohibited, she needs to know what that means for her facilities. If April is doing any construction or renovation, accessibility needs to be a part of her plan. In the process of getting her building permit, April will learn more about her responsibilities for accommodations. If April isn't doing any construction or renovation involving a building permit, she is still obligated to accommodate folks with disabilities, as much as practical. She doesn't need to install new ramps, but she does need to take basic steps to ensure folks with a range of abilities can enjoy her offerings. This means she should do things like rent an accessible portable restroom facility, for example.
- In both situations, the best source for farmers looking at accessibility concerns is the Department of Justice' ADA Guide for Small Businesses. The Department of Justice also offers a hotline at 800 514 0908.

1.31 Taking Action on the Americans with Disabilities Act (ADA):

Taking Action on the Americans with Disabilities Act (ADA):

- What steps might you take to accommodate people with disabilities on your farm?
- This federal guide offers a checklist to help a variety of businesses reduce barriers to people with disabilities.



1.32 Food Safety and Sanitation

Food Safety and Sanitation

1.33 Live Video - Food Safety . mov

Live Video - Food Safety . mov

- Video with the following script:
 - Pratedia has a farm. April she owns an orchard. April wants to serve fresh fruit fillers at a fall festival she hopes to host every year. She wants the fillers to feature her orchard's fruit, and she has a special recipe she's been working on. April imagines she'll see someone to staff the filling station and hand out her hand-offered fillers on weekends. She imagines the filling station will be located at the end of her orchard tour route, and placed next to her goat petting station so the whole family can experience the farm after the tour. April encourages folks to bring a picnic to go along with the fillers and fruit.
 - This scenario sounds lovely, but an attorney warns that if her event structure increases the possibility that someone will become sick, April may be liable for that someone's illness.
 - Let's explore how. Say April's farm guests get stuck with their tour. An anticipated, flannel-bus truck fills and hands them to three children. The children want to play with the goats, fillers to hand. The goats do their goat business as is expected, and a kid puts a hand in the goat poop, and then back on the fillers. Most can stomach that the child comes down with a illness as a result. Although that kid can't sue, it's more serious because April could be liable for that illness. The way April set up the event increased the chance that a child could become sick from the animals. By encouraging parents to picnic near the animals and by serving food harvest right next to the animal petting area, April did contribute to the possibility of a child becoming ill.
 - This is a legal situation, as the child's parents could bring a lawsuit for April's share of the liability. April could have put up signs reminding guests to wash their hands. She could have provided handwashing equipment and hand sanitizer. She could have separated the goats from the fillers and picnic areas. Each of these steps might reduce April's liability potential.
 - None of this is to say that April is automatically liable for the child's illness. Many factors contribute to that, including the parent's role in watching over their child. But the bottom line is that April is potentially liable at least in part, and farmers like her need a solution.
 - The good news is that there is a solution. Insurance. Farms regularly insure against the risk of events and agriculture leading to food safety incidences every day. This type of insurance coverage is not difficult to get. Your action step is to explain to your insurance agent what you're planning and working with him or her to review the options for coverage.
- Here are the options your agent is likely to offer:
 - An event endorsement.
 - An incidental business endorsement.
 - A commercial line of coverage.
- April might be offered an event endorsement if the fall festival is once annually. Event endorsements tend to cover the risks of single events held across numerous farms like this. If April plans to offer the festival over more than a weekend or two, her agent may recommend an incidental business endorsement. Incidental business endorsements cover non-farm business that the farm engages in incidentally. An event like a festival is not farm business; it's a commercial enterprise. Likewise, any processing, products, educational classes or other non-direct farming ventures that April might conduct would need commercial coverage. If April engages in multiple business-like, but not farm, ventures her petting area and fillers go over weekend throughout the year. At that point, April's insurance agent may recommend a commercial line of coverage to address her risks. Commercial lines of coverage may be added on to the farm's existing policy. Or, they may be offered as a separate policy altogether, which often go by the name Commercial General Liability Insurance or CGL policies. A commercial policy is designed to cover a wide range of risks, and isn't dependent upon how frequent the venture occurs.
- Other potential endorsements include a pick and petting area endorsements, agriculture-specific endorsements such as farm stands. It is important to describe exactly what an event involves and when it occurs to make sure you are offered the right product. Each insurance company may offer variations on the above items, such as depends.
- In each case, April needs to specifically ask the insurance agent about the particular risks on her mind. For example, she should ask about slip and fall injuries as well as food safety injuries to make sure she is getting what she needs.

1.34 Matching Activity:

Matching Activity:

- Match April's insurance product types to the frequency or scope of non-farm ventures like agritourism, value added ventures, and processing.
 - Event endorsement
 - Incidental business endorsement
 - Commercial line of coverage or CGL
- Covers events held very occasionally such as 1-2 times per year
- Covers non-farm ventures that are irregular or occasional, such as value added product sales a few times a year or a festival held over a few weekends.
- Covers a wide range of non-farm ventures, and isn't limited by how often the venture occurs.

1.35 Food Service

Food Service

1.36 Food Service: When you need

Food Service: When you need a permit ...

- Many farms are creating new opportunities to bring additional revenue and new customers onto the farm through food service. Whether fancy, farm-to-table dinners or a simple, family-focused pizza night, the farm's products are taking a starring role in fresh, hot food served to eat right on the farm. Some farmers bring the expertise to the farm through catered food service, food trucks, and other opportunities that bring in professionals who have detailed experience in the regulation of prepared foods. Other farmers leverage their own cooking skills and business experience by using the farm's own resources for cooking and serving and more. If your farm is in the latter category- you want to do the cooking and serving yourself- pay special attention to the rules and regulations around prepared food service.
- Unless you are hosting a potluck event, you very likely need all foods prepared in a licensed facility and to secure an appropriate food service permit.



1.37 Food Service: When you

Food Service: When you need a permit continued

- As a starting point, work through the flowchart below to get an idea of whether you need a permit.



1.38 Food Service Permits:

Food Service Permits: What and Where?

- Food service permits fall into 3 very general categories.
 - The first category is a temporary permit. These are granted to food service events that cover from one to 30 days, generally.
 - The second category of permit is often called a mobile permit. These permits are given to push carts, food trucks, and other mobile facilities.
 - The third category of permit is often called a food service establishment permit. These are typical restaurants that operate in a physical location on a regular basis.
- Within these general categories, different states, counties, and municipalities all follow different naming conventions and standards for which permit is required for various types of food service ventures.



1.39 Action Items – Food Service Permits

Action Items – Food Service Permits

- At this point, the next step is to reach out to the local permitting agency in your area.
- Click on the state seals for your specific agency and contact information.



Maine



New Hampshire



Vermont



Maryland



Delaware


1.40 New Hampshire – Food Service Permits

New Hampshire – Food Service Permits




- The New Hampshire Department of Health and Human Services administers food establishment licenses, and information can be found [at this link](#).
- However, 15 self-inspecting communities administer their own food-related licenses, and those communities are listed [at this link](#).

1.41 Untitled Slide

<p>Vermont – Food Service Permits</p> 	<ul style="list-style-type: none">▪ The Vermont Department of Health, Food and Lodging Program manages temporary licenses for the state. More information about this license specifically is at this link:▪ If you would like to contact the state's 10 regional inspector offices, follow this link.▪ The state also licenses restaurants, food trucks, push carts, and limited menu operations all under the umbrella of "retail food licensing," and more information can be found at this link.
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1.42 Maine –

<p>Maine – Food Service Permits</p> 	<ul style="list-style-type: none">▪ In Maine, the state Department of Health and Human Services, Division of Environmental Health, Health Inspection Program administers food service permits, and information can be found at this link.▪ However, municipalities including Portland also require their own temporary permit, as explained at the city's website at this link.
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1.43 Delaware –

<p>Delaware – Food Service Permits</p> 	<ul style="list-style-type: none">▪ The Delaware Department of Health and Social Services, Division of Public Health issues permits, and more information is at this link.
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1.44 Maryland –

<p>Maryland – Food Service Permits</p> 	<ul style="list-style-type: none">▪ In Maryland, food permits are handled by county and municipal authorities. A list of county public health departments are located at the Maryland Department of Health website. County contacts should be able to direct you to the appropriate municipal authority, where relevant.
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1.45 Congratulations!

Complete
You have
completed the final
module, Added
Value Tourism.

Congratulations!

