

Current Use: Enrolling Leased Land, Farm Buildings

This fact sheet explains the Current Use Program requirements when a lease is used to enroll farm buildings or fewer than 25 acres of agricultural land. The following requirements are in addition to the regular application requirements.

1 The lessee must be a “farmer.” For current use purposes, a “farmer” is defined as a person who earns at least one-half of the person’s income from the “business of farming,” as that term is defined in federal regulations. See 32 V.S.A. § 3752(7) and 26 C.F.R. § 1.175-3.

2 The lease must be in writing and legible.

3 The term (length of the lease) must be for a **minimum of three years**. A year-to-year lease that can be renewed for three years does not meet this requirement.

4 If the lease has an option to renew after the initial three-year term, the landowner is required to notify the Current Use Program in writing that the lease is being renewed and the new expiration date.

5 At a minimum, the description of the property being leased must include the following:

- Municipality where the land and buildings are located
- School Property Account Numbers (SPANs) for the parcels
- Amount of acreage
- Description of each building.

The buildings are to be noted on the current use map that is submitted with the application.

What is a valid lease?

The lease must be a valid lease. In Vermont, a valid lease must include the following:

1. A lessor (the owner)
2. A lessee (the person paying to use the property)
3. A description of the property being leased
4. The term of the lease (the length of time the lessee may use the property).
5. A statement of the consideration (what the lessee is paying to use the property)

6 The lessor must provide the name and mailing address of the lessee. This can be included in the lease or attached to it.

7 The Current Use Program may require the lessee to provide a complete copy of the lessee’s income tax returns to verify whether the lessee is a “farmer.” If the lessee fails to provide federal income tax returns when requested, the leased land and buildings will not be eligible for enrollment in the program.

8 Although not required, a landowner may choose to record the lease in the land records. See 27 V.S.A. § 341–342.

This fact sheet is not intended as legal advice. It should be used for the purpose of complying with the requirements of the Current Use Program only. It is not intended to provide advice on contracts or any other area of law.

Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

Iss. 09/2019 • Pub. FS-1220