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Economic Impact of Agriculture in Vermont

This report combines and summarizes research collected regarding the economic impact of agriculture

Figure 1: Land Use in Vermont as of 2003

Source: United States Department of Agriculture Natural Resource Conservation Service, *National Resources Inventory 2003 Annual NRI: Total Surface Area by Land Cover/Use* (February 2007), <http://www.nrcs.usda.gov/technical/NRI/2003/statereports/2003summaryreport.pdf>, accessed March 24, 2010.

Direct Economic Effects

Direct economic effects include agriculture's contribution to the State's Gross Domestic Product, tax revenues the state collects, and how much agriculture contributes to employment in Vermont. These are the economic indicators traditionally used to analyze the value of agriculture, and they do not take into account any of the positive or negative externalities agriculture produces.⁴ Table 1 below shows agriculture's affect on these factors from 2002 to 2008.

Gross Domestic Product

Annual cash receipts from all agricultural commodities in Vermont in 2008 were \$687,801,000.⁵ Although commodity cash receipts have a tendency to fluctuate, in recent years agricultural cash receipts have increased greatly, even with inflation taken into account. Vermont's agricultural sector has consistently accounted for less than 2% of the state's GDP (see Tab12 507485 Tmu t

Figure 2: Comparison of New England, Vermont, and Minnesota GDPs

Source: US Department Of Commerce Bureau Of Economic Analysis, *Regional Economic Accounts, NAICS 1997-*

Agritourism

When considering the economic impact of agriculture in Vermont, it is important to consider the part that agriculture plays in one of Vermont's biggest industries, tourism. When investigating the role that agriculture plays in Vermont tourism, The Vermont Department of Tourism and Marketing (VDTM) examined activities undertaken by visitors to Vermont. Its research shows that viewing, cultural, and learning activities were the primary activities of those visiting in summer (representing 30% of seasonal visitors) and fall (representing 25% of seasonal visitors).³⁰ Other activities engaged in less than viewing, cultural, and learning included rest/relaxation, shopping, trail/street/road, outdoor adventure, winter/snow, boating/floating, and sports.³¹ Figure 3 below shows the number of visitors that engaged in viewing, cultural, and learning activities while in Vermont, according to how many times they visit Vermont annually.

Figure 4 below shows specific types of viewing, cultural, and learning activities. Those included in the figure are the six most-participated in activities. 37% of Vermont's visitors participated in Visiting a Farm/Nursery. Six other activities followed Visiting Farm/Nursery with smaller rates of participation.

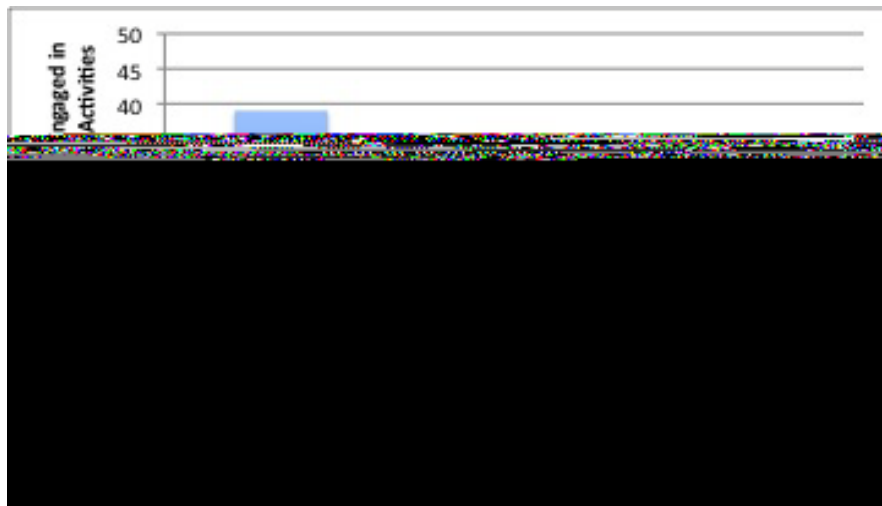


Figure 3: Visitor Activities

Source: Vermont Department of Tourism and Marketing, *Inquiry Analysis: Where Do Farms Fit in? A Brief Summary of Vermont Visitor Interests and Activities* (February 2010): 3.

<http://www.vermontpartners.com/pdf/Where%20do%20Farms%20Fit%20In.pdf>. Accessed February 24, 2010.

³⁰ Vermont Department of Tourism and Marketing, *Inquiry Analysis: Where Do Farms Fit in? A Brief Summary of Vermont Visitor Interests and Activities* (February 2010): 4.

<http://www.vermontpartners.com/pdf/Where%20do%20Farms%20Fit%20In.pdf>. Accessed February 24, 2010.

³¹ Vermont Department of Tourism and Marketing, *Inquiry Analysis: Where Do Farms Fit in? A Brief Summary of Vermont Visitor Interests and Activities*.



Figure 4: Viewing/Cultural/Learning Activities

Source: Vermont Department of Tourism and Marketing, *Inquiry Analysis: Where Do Farms Fit in? A Brief Summary of Vermont Visitor Interests and Activities* (February 2010): 6.

<http://www.vermontpartners.com/pdf/Where%20do%20Farms%20Fit%20In.pdf>. Accessed February 24, 2010.

Shopping was an important activity for tourists in Vermont as well. When researching shopping habits of visitors to Vermont, the VDTM found that 95% (of the 93% of visitors who had engaged in shopping activities) reported having purchased locally produced food products. Sixty nine percent of visitors engaging in shopping activities reported buying Vermont products or crafts.³² Again, it is important to take into account the role agriculture takes in Vermont’s tourism industry, and how much the tourism industry affects Vermont’s economy.

The VDTM’s research³³ for 2007 showed visitor spending in general on goods and services to be worth \$1.61 billion. It notes that, “this estimate does not include spending by second and vacation home owners on durable goods, or the initial purchase or construction of a second home.” The top three expenditures were in the categories of Food and Beverage at \$411.6 million, Lodging at \$321.2 million,

³² Vermont Department of Tourism and Marketing, *Inquiry Analysis: Where Do Farms Fit in? A Brief Summary of Vermont Visitor Interests and Activities*.

³³ The VDTM explains in their report *The Travel and Tourism Industry in Vermont: A Benchmark Study of the Economic Impact of Visitor expenditures on the Vermont Economy — 2007* that, “In preparing each estimate reported in the following pages, Economic Policy Resources, Inc. has reconciled independent data sources to verify the accuracy of the estimates. This high standard of impact analysis stands out by providing clear and justifiable benchmark estimates of visitor impact on the overall state economy, industry employment and output.” See page two.

and Gasoline at \$308.7 million.³⁴

VDTM research also shows that, "Visitors to Vermont in 2007 contributed an estimated \$206.9 million in tax and fee revenues to state coffers in the General, Transportation and Education Funds,"³⁵ representing approximately 9.1% of total taxes and fees revenues for the state. When looking at the "Top 4 Contributions to State Revenue," visitors to Vermont contributed to these revenue sources: 49.5% of Vermont's Rooms and Meals Tax (\$58.8 million out of a total \$118.7 million); 18.3% of Vermont's Gasoline Tax (\$11.6 million out of a total \$63.5 million); 8.2% of Vermont's State Education Property Tax (\$72.6 million out of a total \$882.2 million); 8.5% of Vermont's Sales and Use Tax (\$28.5 million out of a total \$336.9 million).³⁶ Tourism and "Visitor spending [also] directly and indirectly supports 37,490 jobs for Vermonters (approximately 12% of all jobs)."³⁷

Conclusion

Farms and agriculture characterize significant shares in Vermont's culture and economy. By providing open space and by playing a large role in Vermont's cultural and historical identity, farms and agriculture appear to be part of what brings visitors to Vermont.

Breakdown of Estimates of the Value of Agriculture (in millions of dollars)

Value of farm production ^{38,39}	\$681
Value of farm related food industry production ^{38, 39}	\$1,047
Secondary impact of farm production (wages, fuel, equipment, etc.) ^{38, 39}	\$391
Secondary impact of farm related food production ^{38, 39}	\$496
Forest based manufacturing and value of shipments ⁴⁰	\$998.9
Forest related recreation and tourism ⁴⁰	\$485
Christmas trees/maple products ⁴⁰	\$22.4
Value of agritourism ⁴¹	\$10
Total estimated value of Agriculture	\$4,131.3

The report was compiled at the request of Representative Kitty Toll by Ian Altendorfer, Daniel Holland, and Anna Isaacson under the supervision of Professor Anthony Gierzynski on 17 March 2010.

Disclaimer: This report has been prepared by undergraduate students at the University of Vermont under the supervision of Professor Anthony Gierzynski. The material contained in the report does not reflect the official policy of the University of Vermont.

³⁸ Grubinger, V., K. Mulder, and D. Timmons, *Vermont's Agriculture: Generating Wealth from the Land*, Burlington: Vermont Sustainable Agriculture Council (April, 2005). <http://www.uvm.edu/~susagctr/Documents/CouncilReport05.PDF>