Is Agritourism Right For You?
What is agritourism?

Agritourism is recreation at its finest! Visitors might tour a vineyard, explore winemaking, or discuss the process of transforming grapes into high-quality Virginia wines. Younger guests (as well as many adults) may discover that goats are not dogs with horns, donkeys are different from horses, and milk does not originate in a plastic container in the grocery store. Tours of farm fields have enabled many people to realize that peanuts grow underground, and cotton grows on a plant—not in a bale. Visitors can pick pumpkins, apples, cherries, and other produce; or they can navigate corn mazes. Virginians are adding hayrides, barnyard animal visits, and ice cream treats from a local dairy to the top of their “fun-things-to-do” lists.

Legally speaking, Virginia law defines agritourism as “any activity carried out on a farm or ranch that allows members of the general public, for recreational, entertainment, or educational purposes, to view or enjoy rural activities, including farming, wineries, ranching, historical, cultural, harvest-your-own activities, or natural activities and attractions. An activity is an agritourism activity whether or not the participant paid to participate in the activity.” (Code of Virginia § 3.2-6400).

Examples of Agritourism:

- Agricultural museum and displays
- Barn dances
- Bed and breakfast accommodations
- Biking/hiking trails
- Birthday parties
- Breweries
- Canning produce
- Corn mazes
- Cut-your-own Christmas tree farm
- Farm stores and markets
- Farm tours
- Hay wagon rides
- Orchards and pick-your-own
- Horseback riding
- Pumpkin patch
- Weddings
- Winery/wine-tasting

Why consider agritourism?

- **Generate Additional Income**
  - Diversify income, value added products and service lines
  - Cash flow during the off season
  - Increase revenue without increasing land size
- **Market farm products**
- **Share a lifestyle or way of living with others**
  - Sell the “experience”
- **To fully utilize farm resources**
  - Build new business with resources that already exist
- **Provide service/opportunity to the community**
- **Educate/teach people about farming**
  - How their food is grown
  - Methods of farming
  - How farmers protect and care for land and natural resources
- **Preserve the heritage of the land/Keep the farmland in the family**
Whether you are new to farming, or already own a farm and want to supplement your income, information provided in this checklist can help you get started with your new/next venture!

Starting an Agritourism Business

The Small Business Administration (SBA), the LSU AgCenter, and the Virginia Cooperative Extension all provide information on starting a business. The following are items that you should consider prior to starting your new venture. Click on each highlighted topic to access helpful tools and additional information.

Pick your business location
Your business location determines the taxes, zoning laws (if applicable), and regulations your business will be subject to. Speaking to your local government agencies should be one of the first items on your list, to ensure that you are able to do the type of business that you are interested in starting. The local contacts are:

<table>
<thead>
<tr>
<th>Town of Floyd</th>
<th>Floyd County</th>
<th>Commissioner of the Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Morris</td>
<td>Lydeana Martin</td>
<td>Lisa Baker</td>
</tr>
<tr>
<td>138 Wilson St. Va</td>
<td>120 W. Oxford St. Va</td>
<td>100 E. Main St. Va</td>
</tr>
<tr>
<td>Floyd, VA 24091</td>
<td>Floyd, VA 24091</td>
<td>Floyd, VA 24091</td>
</tr>
<tr>
<td>(540) 745-2565</td>
<td>(540) 745-9300</td>
<td>(540) 745-9345</td>
</tr>
</tbody>
</table>

Contact VDOT early in the process
Once you have decided where to operate your business, contact VDOT to discuss the requirements for a commercial entrance. It is suggested that you do this as early as possible in order to avoid potential delays in opening your business due to not having the VDOT Land Use Permit approved.

Market research and competitive analysis
Do a market analysis. Is there a market for your agritourism venture? If similar agritourism businesses exist in the area, observe how busy they are. If the owners are approachable, ask for their input. Competitive analysis helps you make your business unique.

Learn about agritourism laws and recreational use statutes
More than half of the states in the United States have agritourism laws. The National Agricultural Law Center provides a listing of state laws here. Some of these laws provide an added level of protection to your operation – but they do not negate the need for insurance. You can also visit the Code of Virginia to learn more.

The Code of Virginia requires that every agritourism business post a sign with the language specified to the left. The sign must be placed in a clearly visible location at the entrance to the agritourism location and at the site of the agritourism activity (Code of Virginia § 3.2-6402).

WARNING
Under Virginia law, there is no liability for an injury to or death of a participant in an agritourism activity conducted at this agritourism location if such injury or death results from the inherent risks of the agritourism activity. Inherent risks of agritourism activities include, among others, risks of injury inherent to land, equipment, and animals, as well as the potential for you to act in a negligent manner that may contribute to your injury or death. You are assuming the risk of participating in this agritourism activity.

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Whether you are new to farming, or already own a farm and want to supplement your income, information provided in this checklist can help you get started with your new/next venture!
Calculate your start-up costs
How much money will it take to start your small business? Calculate the startup costs for your small business so you can request funding, attract investors, and estimate when you’ll turn a profit. Will you have the cash you need to begin your venture, or will you need to get a loan? Are you willing to borrow the money? An example worksheet can be found here.

Fund your business
It costs money to start a business. Funding your business is one of the first—and most important—financial choices most business owners make. How you choose to fund your business could affect how you structure and run your business.

Use Lender Match to find lenders who offer SBA-guaranteed loans.

Choose a business structure, Choosing your business name, and Registering your business
The business structure you choose influences everything from day-to-day operations, to taxes, to how much of your personal assets are at risk. You may wish to seek legal assistance to determine the best business structure for you.

<table>
<thead>
<tr>
<th>Business structure</th>
<th>Ownership</th>
<th>Liability</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietorship</td>
<td>One person</td>
<td>Unlimited personal liability</td>
<td>Persona tax only</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Two or more people</td>
<td>Unlimited personal liability unless structures as a limited partnership</td>
<td>Self-employment tax (except for limited partners) Personal tax</td>
</tr>
<tr>
<td>Limited liability company (LLC)</td>
<td>One or more people</td>
<td>Owners are not personally liable</td>
<td>Self-employment tax Personal tax</td>
</tr>
<tr>
<td>Corporation—C corp</td>
<td>One or more people</td>
<td>Owners are not personally liable</td>
<td>Corporate tax</td>
</tr>
<tr>
<td>Corporation—S corp</td>
<td>One or more people, but no more than 100, and all must be U.S. citizens</td>
<td>Owners are not personally liable</td>
<td>Personal tax</td>
</tr>
<tr>
<td>Corporation—B corp</td>
<td>One or more people</td>
<td>Owners are not personally liable</td>
<td>Corporate tax</td>
</tr>
<tr>
<td>Corporation—Nonprofit</td>
<td>One or more people</td>
<td>Owners are not personally liable</td>
<td>Tax-exempt, but corporate profits can’t be distributed</td>
</tr>
</tbody>
</table>

Please note:
All businesses located in Virginia must register with the Virginia State Corporation Commission (www.scc.virginia.gov)
* Nonprofit corporations that want to file for tax-exempt status, should do so with the Internal Revenue Service (www.irs.gov)
* Please visit the Internal Revenue Service website for information forming a S Corporation (www.irs.gov)

More information regarding business structure can be found on the Internal Revenue Service website here.

According to the online wedding marketplace the knot, farm, barn and ranch reception venues increased from 2% in 2009 to 15% in 2017.
Write your business plan
Your business plan is the foundation of your business. Learn how to write a business plan quickly and efficiently with a business plan template.

Get federal and state tax ID numbers
Your state tax ID and federal tax ID numbers — also known as an Employer Identification Number (EIN) — work like a personal social security number, but for your business. They let your small business pay state and federal taxes.

Apply for licenses and permits
Most small businesses need a combination of licenses and permits from both federal and state agencies. The requirements — and fees — vary based on your business activities, location, and government rules. Examples include:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>U.S. Department of Agriculture</td>
</tr>
<tr>
<td>If you import or transport animals, animal products, biologics, biotechnology, or plants across state lines.</td>
<td></td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>Alcohol and Tobacco Tax and Trade Bureau</td>
</tr>
<tr>
<td>If you manufacture, wholesale, import, or sell alcoholic beverages at a retail location.</td>
<td>Virginia Alcohol Beverage Control Authority</td>
</tr>
</tbody>
</table>

Virginia does not have one single license that applies to all businesses, but the following resources can help you determine your licensing requirements:

Guide to Business Licenses and Permits: These tools and resources can help you figure out your licensing requirements.

Virginia Business Portal: This is a gateway to all government-to-business services, as well as legal requirements including taxes, licenses and much more.

When you've determined what requirements apply to you, Virginia's Business One Stop provides online registration for a multitude of licenses.

Open a bank account
Open a business account when you're ready to start accepting or spending money as your business. A business bank account helps you stay legally compliant and protected.
Get business insurance
Even with agritourism limited liability laws, insurance is a necessity. The best place to start shopping for insurance is with the company that writes your present insurance. Ask for their suggestions.

<table>
<thead>
<tr>
<th>6 common types of business insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance type</td>
</tr>
<tr>
<td>General liability insurance</td>
</tr>
<tr>
<td>Product liability insurance</td>
</tr>
<tr>
<td>Professional liability insurance</td>
</tr>
<tr>
<td>Commercial property insurance</td>
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<tr>
<td>Home-based business insurance</td>
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<tr>
<td>Business owner’s policy</td>
</tr>
</tbody>
</table>

Buy an existing business or franchise
It can be hard to start a business from scratch. Starting a business from scratch can be challenging. The good news? You don’t have to start from scratch to have your own business. Consider franchising or buying an existing business.

‘Investments in agriculture are the best weapons against hunger and poverty, and they have made life better for billions of people.”
~Bill & Melinda Gates Foundation
This brochure is a product of The Floyd Grown Project, a partnership between Floyd County, Virginia Department of Housing and Community Development, and Virginia Department of Agricultural and Consumer Services. Floyd Grown aimed to help small businesses in agriculture, food and forestry-related ventures grow. This multi-faceted project inventoried local assets, provided technical assistance and grant support to small business owners, and researched ways to support them for greater sales, income.

CONTACT INFORMATION:

County of Floyd & Floyd County Economic Development Authority
Lydeana Martin
120 W. Oxford Street
Floyd, VA 24091
(540) 745-9300
lmartin@floydcova.org
www.YesFloydVA.org

Floyd County Health Dept. Environmental Health
123 Parkview Rd. NE
Floyd, VA 24091
(540) 585-3383
www.vdh.virginia.org

Town of Floyd
Andrew Morris
138 Wilson Street
Floyd, VA 24091
(540) 745-2565
andrew@townoffloyd.org
www.townoffloyd.org

Virginia Dept. of Transportation
Jesse Miller
105 Cambria St. NW
Christiansburg, VA 24073
(540) 526-6062
Jesse.miller@vdot.virginia.gov
www.virgiadiotorg

USDA Natural Resource Conservation Service
Matt Roberts
75 Hampton Blvd.
Floyd, VA 24091
(540) 585-3611
matthew.roberts@usda.gov
www.nrcs.usda.gov

Floyd County Tourism
Kathleen Legg
109 E. Main Street
Floyd, VA 24091
(540) 239-8509
tourismdirector@visitfloydva.com
www.visitfloydva.org

Virginia Cooperative Extension
Jon Vest
209 Fox Street
Floyd, VA 24091
(540) 745-9307
jmvest@vt.edu
floyd.ext.vt.edu

Virginia Department of Housing & Community Development
www.dhcd.virginia.gov

Virginia Department of Agriculture & Consumer Services
www.vdacs.virginia.gov

Virginia Tourism Corporation
www.vatc.org

Information in this document provided by the following sources:

Small Business Administration
10 Steps to Start Your Own Business

Virginia Cooperative Extension
Agritourism: Ideas and Resources

LSU AgCenter
Agritourism Fact Sheet

The National Agricultural Law Center
State Law Clearinghouse

Internal Revenue Service
Business Structures

Code of Virginia
Chapter 64. Agritourism Activity Liability