

Starting a Farm Business

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Choosing a Business Structure/Entity

- Free help and advice can be found from the following:
 - [Legal Food Hub](#)
 - [Resource library](#)
 - [Maine Small Business Development Centers](#)
 - [Coastal Enterprises Inc \(CEI\)](#)
 - [SCORE Maine](#)
- File for an [EIN](#) – Employer Identification Number
- File for a [UEI](#) - this will allow you to apply for state and federal grants
- Common: File for [LLC](#), [MLLC-6](#) or “Doing business as” at town office
 - If your public facing business name is different from the LLC name, also file for “Doing Business As” (DBA) at your town office
 - If you are registering as an LLC, create an [operating agreement](#)
- Register with [FSA/NRCS](#)– Local Farm Service Agency office in order to access their programs and loan products
- [Deciding on the right business structure](#)

Financial Support

- [Grants/ loans/ funding resources](#)
- [Financial planning resources from MOFGA](#)
- [Meet with the NRCS](#) to learn about opportunities
- Meet with MOFGA's Business & Marketing specialist nlindholm@mofga.org
- [Current grants](#)

Licenses, Certifications

- MOFGA Certification Services LLC (MCS)
 - [Becoming MOFGA Certified Organic](#) brochure
 - [Steps to Becoming Certified Organic](#)
- Maine Dept. of Agriculture, Forestry & Conservation (DAFC)

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- [Value-added/processed/specialty food businesses](#) bulletin produced by UMaine Cooperative Extension, with lots of information
- [Various Applications & Forms for specific licenses](#) Use the Food & Fuel form for Mobile Vendor licenses, Home Food Processor, Commercial Food Processor, and many others (this link also includes a form for Dairy license)
- [Board of Pesticides Control](#) training requirements for farms that apply any type of pest control products
- [Food Safety Modernization Act \(FSMA\)](#) training requirements for farms that are covered under this law
- [Farmers Market license requirements](#)
 - [Scale](#) testing
- [Tax exempt form](#)
- Maine Revenue Services
 - Register for reporting certain taxes you may need to collect
 - [Sales & Use Tax, Employer Withholding Tax, and other forms](#)
 - Note: Any business conducting sales in the state of Maine must be registered for a sales tax account. The filing frequency is determined by the amount of tax collected by each retailer. If a business (ie, your farm) has no taxable sales, then you should be able to request an annual filing frequency (as opposed to quarterly). Rule 304 (link below) includes the liability thresholds that dictate how frequently businesses need to file sales tax. [Rule304.pdf \(maine.gov\)](#)
- Look into whether you will be eligible to apply for Maine's agricultural producer exemption card, which can allow you to purchase certain fuel, electricity, and depreciable machinery and equipment without paying sales and use tax.
 - [MRS Bulletin No.59](#)

Farmland issues

- [Land for Good](#)
- Before purchasing or renting land, learn past sludge spreading on the land and [PFAS support resources](#)
- Town permitting: note that different municipalities/towns across the state will have varying zoning policies and permit requirements and tax assessments on farm operations, infrastructure, etc. It behooves a beginning farmer to go to the town hall before investing or building or starting any farm operation, to make sure you and town officials are on the same page (it often may mean you need to be aware of your rights and/or may need to educate them somewhat!). Here are a few resources on specific topics that could be of use:

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- Maine DACF bulletin: [High Tunnels and Greenhouses -A Guide for Municipalities](#)
- MFT webpage: [Maine Policy & Planning Resources for Towns](#)

Considerations for meat production

- Labels for meat - [Growers Discount Labels](#) is a common
 - GDL will guide you through the process, but the Department of Ag, Conservation, and Forestry will need to approve your label before it is printed and you will need to provide an affidavit to them explaining any claims that you make on your label.
- Make meat processing dates now!
 - [Red meat and poultry processing](#)

Legal and Accounting

- Open a Business Checking account
- Farm Insurance
 - Will need to name farmers markets as “additional insured” on your policy
 - Some popular options
 - Farm Family
 - MMG Insurance www.mmgins.com/
 - Kyes Insurance 207-689-4321
 - Frazer Insurance in Windsor, VT frazerinsurancegroup.com
 - [Allen Insurance](#)
- Legal services and advice:
 - [Legal Food Hub](#)
 - [Resource library](#)
- Accountants
 - Accountants can file sales/use and other related taxes to the state of Maine for you, as well as annual income taxes, quarterly withholding taxes, annual corporate filings, and even do payroll
 - If a Sole Proprietor and sole member LLC, you will need to file a [Schedule F](#) with your annual Form 1040 tax form
 - If an LLC partnership, you and your partner will need to file [Form1065](#) annually
 - If an LLC corporation, you will need to file [Form 1120](#) annually
 - If an S Corporation, you will need to file [Form 1120-S](#) annually
- Here are several accounting/payroll services used by MOFGA farmers:
 - [Austin & Associates](#)
 - [Farm Credit East Payroll](#)
 - [Sunnyside Accounting](#)
 - [Yarmouth Payroll Plus](#)

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- [Quickbooks](#)- commonly used accounting software for small businesses; they've recently limited new customers to online options (phasing out of the desktop versions)
- [Ambrook](#)- an online accounting software platform that was designed specifically for farms!

Farm Labor and Hiring

- General Introductory Resources:
 - [Employment Rules for Agricultural Workers in Maine](#) from Legal Food Hub
 - [An Agricultural Guide to Federal Labor Law](#) from US Dept of Labor
 - [Resources on Hiring/Farm Labor](#) from UMaine Extension
- First Steps for first-time becoming an employer:
 - Register for an [EIN](#) (federal Employer ID Number) --needed even if you're a sole proprietor
 - Register with [ME Revenue Services](#) (General Tax Registration form) for reporting Employers' Income Tax Withholding and possible other taxes (already mentioned above under "Licenses, Certifications")
 - Register with [ME Department of Labor](#) for reporting Unemployment Compensation tax (if applicable to your size business and payroll)
- Before You Hire:
 - Contact Maine's [Workers Compensation Board](#) to determine what you may or may not need to provide for coverage. Here is a good [Employer's Guide to Workers Comp in Maine](#). Questions can be directed to Seanna Crasnick Seanna.Crasnick@maine.gov 207-287-8496.
 - Here is the [Maine statute Title 39-A Section 401](#) that addresses Workers Comp and what employers are responsible for (or not). Read over 1.B. and 1.C. thoroughly.
 - Check with your insurance company about a liability policy for employees, workers compensation or other options for coverage. Many farms get a workers comp type of policy through MEMIC separate from their farm insurance provider.
 - Check with the US [Department of Labor](#) for info on federal farm labor rules and regs. Many federal laws apply only to businesses with 15 or more employees (while some state laws apply to all businesses), and much of the information on this resource list is for farms under that number, so it's important to clarify what may or may not apply to your individual business. Questions can be directed to Brian Cleasby

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cleasby.brian@dol.gov. 603-606-3116. He and his office cover: Fair Labor Standards Act, H2A, child labor laws, and migrant/seasonal labor laws.

- Here are a few factsheets that Brian has shared:
 - [Internship programs](#): minimum wage & overtime
 - [Employment Relationship](#): determining status as employee vs. independent contractor, with or without signed employment contracts
- When You Hire (employees on payroll):
 - Have employees [fill out an I-9](#) right away (must be in your files by day 3 of employment, legally, and you just keep it on file --you don't have to mail it anywhere).
 - Employees also need to [fill out a W-4](#) so you know how much to withhold from their paychecks.
 - Report the new hire to Maine's [Department of Health & Human Services \(DHHS\)](#).
 - Maine requires employers to display certain posters in the workplace where employees can see them. Information and downloadable/printable copies are available [here from Maine Department of Labor](#).
 - You should maintain records of all hours worked for each employee (start time, end time, and all unpaid breaks during the day) for every workweek, as well as keep employment agreements (each employee should have a record of their rate of pay, any benefits, like paid leave or insurance), and emergency contact info.
- After You Hire (employees on payroll), Pay Taxes:
 - File a [Form 941](#) quarterly (where you'll pay quarterly Withholding taxes).
 - File a [Form W-2](#) annually ([first time filer info](#)) for each employee, usually before January 31 each year. You will also be led through the process of filing a W-3 along with the W-2's.
 - If your farm is paying Unemployment Compensation taxes, you will need to file a [Form 940](#) annually for an employee or [Form 943](#) for an agricultural employee (again, many farms are exempt, based on business size and payroll).
 - File and pay ME income taxes (like the federal withholding taxes, these are paid and filed quarterly, as well as an annual report). [See here](#) for required forms and a withholding table.
 - Note about payroll: you can do your farm's payroll yourself, file all the forms, set up a spreadsheet to figure out how much to withhold from paychecks and track what to report on these forms... or you can have a payroll service through an accountant, bank or credit union take care of it for you!
- Other Employment Resources:
 - Maine Department of Agriculture, Conservation and Forestry (DACF) hosts a [Farm Labor Link website](#), which has resources on farm labor laws, labor posters, unemployment, legal services, tips for writing job posts, human resource management tools, and more.

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- UMaine Extension has a very helpful bulletin for [Orienting New Farm Employees: A Checklist for Maine Agricultural Employers](#)
- Reach out to [Legal Food Hub](#) for consultation, legal advice, assistance writing an employment contract or other questions on farm hiring.
- [Farmers' Legal Action Group](#) (FLAG) has lots of info and resources on labor and employment.
- IRS's [Simplified Employee Pension \(SEP\) IRA](#) --an SEP-IRA plan provides business owners with a simplified method to contribute toward their employees' retirement as well as their own retirement savings.
- [Maine Mobile Health Program](#) offers many services for farmers and farm labor, including health coverage assistance.
- [Maine Agricultural Mediation Program](#) --free service through UMaine Cooperative Extension, for a third-party mediation in any farmer/employee conversation, including dispute resolution.
- [Farm Coaching program](#) --free service through Maine Farmer Resource Network (MFRN). Open to all farms in Maine. Farm managers/co-managers or management teams (including but not limited to farm couples) can take advantage of this customized learning opportunity to build management and communications skills.