Getting Started Building a Farm Business

When developing a farm business, begin with these three steps:

1. Get to know your local agricultural Extension agent and the educational resources available to you at utextension.tennessee.edu.

2. Develop a farm advisory team to support you and your farm. Include UT Extension, governmental agencies, and industry association.

3. Write a farm business plan. A farm management specialist can assist you with this and publications are available at tiny.utk.edu/farmbusinessplan.

UT Center of Farm Management

The MANAGE team consists of Extension specialists across the state who help farm families evaluate their farm financial situation to help make informed business decisions through consultations and educational programs.

Farming Fundamentals is an online program that provides producers who are beginning a new venture in agriculture with resources and information on the essential principles needed to build a successful operation. Register online to begin the training modules.

The Master Farm Manager program is offered online and in-person through county Extension agents and builds upon the business principles in Farming Fundamentals to assist existing or experienced farm business managers.

Building a Farm Business

Resources to assist in developing a farm business in Tennessee

The UT Center of Farm Management facilitates Extension, Teaching, and Research programs on farm financial management.
Are you operating a Farm or a Hobby?

Is making a profit the main purpose of your farming efforts?

______ Yes ______ No ______

Consider:

**BUSINESS LICENSE**
A farm is not required to have a business license in Tennessee. Check with your County Clerk and City Municipality for local requirements.

**OWNERSHIP STRUCTURE**
Determine which business structure is best for the farm. Business structures impact taxation, rights and privileges, and liability of the owners.

**FARM INSURANCE**
Consult an insurance professional to determine which types of coverage best protects the owners and the operation.

**FUNDING SOURCES**
Evaluate various funding options including farm loans, cost-share programs, and grants. Utilize your farm advisory team to learn about available funding sources and agencies.

**FARM NUMBER**
A farm number can be obtained from your local Farm Service Agency and is used to identify your specific farm when applying for FSA farm loans, disaster assistance, crop insurance and conservation programs through NRCS.

**TAX FORMS**
A farms’ taxes will be filed using a Schedule F, which is the profit or loss from farming form. Depending on the products sold, this may not be the only form needed. Consult a CPA or tax preparer.

**GREENBELT DESIGNATION**
The Greenbelt Act allows approved property to be valued based on its present use, lowering the value of land for tax purposes. Contact the property assessor in the county where the property is located.

**AGRICULTURAL TAX EXEMPTION**
Qualified farmers and nursery operators may purchase tangible personal property used primarily (more than 50%) in agricultural operations exempt of sales and use tax. Apply through the TN Dept. of Revenue.

You are likely running a farm according to the Internal Revenue Service if the goal of the operation is profitability.

“You are in the business of farming if you cultivate, operate, or manage a farm for profit, either as owner or tenant. A farm includes livestock, dairy, poultry, fish, fruit, and truck farms. It also includes plantations, ranches, ranges, orchards, and groves.” (Pub. 225 Farmers Tax Guide)

You may have a hobby if the goal is producing an agricultural product for your consumption or enjoyment instead of selling for profit. The Internal Revenue Service will not recognize a hobby as a farm business for tax purposes.

**Residential and Consumer Agriculture Education**
UT Extension offers educational programs on a variety of production subject matters for both hobbyists and farmers.

Access the resources referenced throughout this document and find your farm management specialist by scanning the QR code or visiting:

[utextensionanr.tennessee.edu](http://utextensionanr.tennessee.edu)

[manage.tennessee.edu](http://manage.tennessee.edu)

UT Extension has an office in all 95 counties with an agricultural agent available to assist you.