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## CHANGES COMING TO FARMLAND ASSESSMENT!!!

New Jersey Farm Bureau has been the voice for agriculture throughout the legislative process to enact changes to farmland assessment. On April 15, 2013 the bill that is summarized below became law when it was signed by Governor Christie. The new provisions in the bill will be applicable commencing in tax year 2015.

Farm Bureau worked with legislative sponsors to ensure that the rules for maintaining farmland assessment will continue to allow productive farmland to qualify. Farm Bureau is an important counterweight to voices that want to see drastic changes made to Farmland Assessment. These include: disqualifying lands where agriculture is not the primary use (i.e. business parks with large tracts leased to farmers), means testing, and higher minimum income thresholds that could impact those who farm lower value products (woodlots, grazing lands, oats etc.), and an increase to a ten year rollback. Without Farm Bureau at the table, changes to the law could have been put in place that would have negatively impacted farmers in the state, particularly those that lease large amounts of land or those whose primary income is not from the farm business.

In addition to being New Jersey's largest advocate for agriculture, Farm Bureau staff is dedicated to keeping our members informed of changes to laws and rules that impact their farm business. Our staff is always available to answer members' questions about farmland assessment and other important issues (right to farm, farmland preservation etc.) Farm Bureau also works to promote what New Jersey farmers produce through grants and other initiatives. Farm Bureau is working for production agriculture every day.

If you are already a member, thank you. If you are not a member, please take some time to consider membership. We are a non-government, grassroots organization that is active on the county, state and national level and we need you to have a greater voice! Join Farm Bureau today by visiting us at [www.njfb.org](http://www.njfb.org) or calling (609) 393-7163

### Bill Summary for S-589/A-3090

The bill that clarifies the minimum qualification standards for farmland assessment eligibility is now pending final action on the Governor's desk. Since the bill has been pending for nearly four years, it has undergone some well thought-out modifications. With this mind, what follows is a synopsis of the specific provisions in the bill:

#### Role of the Division of Taxation, State Board and Department of Agriculture

- Calls on the Department of Agriculture and State Board of Agriculture to prepare and adopt a document outlining "generally accepted farming practices". This is to be done "in consultation" with the Division of Taxation. The document is not intended to be exhaustive or comprehensive. A plain language recitation of these guidelines must be provided to assessors in order that they may be used to determine a parcel's active devotion to agriculture/horticulture.
- Additionally, the bill authorizes the Division of Taxation, in consultation with the State Board and NJDA, to offer advice to assist tax assessors in determining whether or not a particular parcel should qualify for farmland assessment based on the agricultural and horticultural activities taking place on the parcel. This advice would be offered verbally, and would not be in writing.

#### Minimum Income Requirement

- Increases the minimum income requirement from \$500 to \$1,000 for the first five acres, except for properties under a woodlot management plan where the \$500 gross annual income requirement remains intact. Makes no change to the additional acreage income requirements (\$5/each additional acre for farmland and \$0.50/each additional acre for woodland).
- Establishes that if a property fails to meet the increased income requirement in a given tax year but remains in ag/hort use, the parcel will not be subject to roll-back taxes.

- Leaves in place the language that allows for federal USDA conservation program payments to count toward the minimum income requirement. Additionally, the bill allows for parcels enrolled in these conservation programs to maintain farmland assessment until the existing contract expires even if contract payments don't meet the \$1,000 minimum income requirement. Once the existing contract expires, these landowners would then be required to satisfy the new \$1,000 minimum income requirement.

### **Role of the Farmland Assessment Advisory Committee**

- Changes the name of the Farmland Evaluation Advisory Committee (FEAC) to the Farmland Evaluation Committee (FEC) and adds two new members to the committee. As currently structured, the FEAC includes a representative from the Division of Taxation, Rutgers-New Jersey Agricultural Experiment Station and the Department of Agriculture. S-589 would add a representative from the assessor community (municipal or county) and a farmer-member who is a current or former member of the State Board of Agriculture. Both of these new members would have to go through the public appointments process (nominated by the Governor, voted on by the Senate).
- Charges the FEC with reviewing the minimum gross sales requirement every 3 years and authorizes the FEC to raise it if they determine an increase to be appropriate. This review may happen sooner than once every three years at the call Secretary of Agriculture or Director of the Division of Taxation. Any increase does not take effect until the third year following the adoption of the increase.

### **Assessor Education**

- Establishes a mandatory continuing education course on the farmland assessment program for local assessors and beginning in 2014, requires that every assessor working in a municipality with one or more farm-qualified property furnish proof of taking said course at least once every three years. The Division of Taxation will develop the curriculum for the continuing education course, and must offer the course at least biannually.

### **Proof of Sales/Inspections**

- Requires farmland assessment applicants to provide proof of sales or clear evidence of anticipated gross sales of ag/hort products in order to qualify for farmland assessment. Under the current Farmland Assessment Act, assessors can require that proof of sales be provided upon request. This bill requires that these proofs of sales now be submitted along with the FA-1 form each year on August 1<sup>st</sup>.
- Reiterates the need for assessors to conduct inspections of all farmland assessed properties at least once every 3 years.
- For lands enrolled under a forest stewardship plan pursuant to P.L. 2009, Ch. 256, the bill requires that the application includes: "...documentation demonstrating implementation of the forest stewardship plan, including documentation of scheduled activities, a forest inventory and yield parameters to document forest productivity, and inspections performed, in accordance with rules and regulations adopted for the forest stewardship program by the Department of Environmental Protection."

### **Written Narrative and Map**

- For farm management units seven acres or less in size, the bill requires that the landowner submit with the application a narrative that includes: a description of the ag/hort uses, the number of acres devoted to those uses and a sketch of the location on the farm of those uses.

### **FA-1 Form**

- Requires that a letter accompany each application if any changes to the farmland assessment program (including changes to the aforementioned "generally accepted farming practices") occurred in the prior tax year to inform applicants of these changes.
- Requires that the FEC review the application form(s) within 1 year of enactment of the bill and every 5 years after that. The FEC then makes recommendations to the Division of Taxation if they deem that changes to the application are in order.

The new provisions in the bill will be applicable commencing in tax year 2015.

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