

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 4729

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 2023

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 4729 (2R).

This bill would establish a new process for the determination of the value of farmland, and development easements on farmland, to be acquired for farmland preservation purposes by the State Agriculture Development Committee (SADC), a local government unit, or a qualifying tax exempt nonprofit organization using, in whole or in part, constitutionally dedicated Corporation Business Tax monies deposited into the Preserve New Jersey Farmland Preservation Fund, the Garden State Farmland Preservation Trust Fund, or any other State monies provided for farmland preservation purposes. This process would be used in addition to the appraisal processes in current law.

Under this bill, the committee would adopt a formula, to be known as the “Statewide Farmland Preservation Formula,” that includes:

(1) conducting or analyzing a sufficient number of fair market value appraisals of agricultural lands within the municipality in which the land is located, or the surrounding market area, or both;

(2) considering farmland and development easement values in counties and municipalities reasonably contiguous to, but outside of, the municipality in which the land to be acquired is located;

(3) considering the importance of preserving agricultural lands in the municipality and county in which the land is located;

(4) considering the status and value of natural resources in the municipality and county in which the land is located, and in counties and municipalities that are reasonably contiguous to, but outside of, the municipality and county in which the land is located;

(5) considering such other relevant factors as may be necessary to increase participation in the farmland preservation program by owners of agricultural lands located in the municipality and county in which the land is located, including, but not limited to, the rate of inflation, the quality of the agricultural soils, the size of the agricultural lands to be acquired, and the risk of conversion of the land from productive agriculture to nonagricultural use; and

(6) providing additional value for the proximity of agricultural lands located adjacent to preserved agricultural lands, lands preserved for recreation and conservation purposes, aquifer recharge areas, lands

subject to development or conservation easements, and lands whose conversion to nonagricultural use would lead to conflicting land uses, including, but not limited to, utility and roadway rights-of-way, military bases, and airports and associated airspace.

The SADC would adopt rules and regulations to establish the “Statewide Farmland Preservation Formula,” notwithstanding the provisions of the “Administrative Procedure Act.” These rules and regulations would remain in effect for a period not to exceed three years after the date of the filing and thereafter be adopted, amended, or readopted in accordance with the requirements of the “Administrative Procedure Act.”

In addition, the bill would amend current law concerning how value is to be calculated when the value of the farmland to be acquired is determined based upon the value of any pinelands development credits allocated to the parcel pursuant to P.L.1979, c.111 (C.13:18A-1 et seq.) and the pinelands comprehensive management plan adopted pursuant thereto. Under this bill, that value would include consideration of the rate of inflation.

A landowner would be provided with the values determined pursuant to these different methods and the higher of the values would be used as the basis for negotiation with the landowner with respect to the acquisition price.

As reported by the committee, Assembly Bill No. 4729 (2R) is identical to Senate Bill No. 3279 (1R), which was also reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that there would be a one-time expenditure increase by the State for the first year to develop the Statewide farmland preservation formula required by the bill. The State Agriculture Development Committee estimates a one-time expenditure increase of between \$500,000 and \$1 million for a qualified appraisal firm to develop this formula.

The OLS determines the bill would result in an increase in the cost for the State and local governments to purchase fee simple title to, and development easements on, farmland. The OLS cannot quantify this estimated increase because it cannot predict how many development easements or titles will be acquired and the cost of acquiring those easements and titles.