

SENATE, No. 3242

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED OCTOBER 27, 2022

Sponsored by:

Senator EDWARD DURR

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Requires NJEDA to establish loan program to assist beginning farmers in financing capital purchases.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a beginning farmer loan program, and
2 supplementing Title 34 of the Revised Statutes.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. As used this act:

8 “Agricultural improvement” means any improvement, building,
9 structure, or fixture suitable for use in farming which is located on
10 agricultural land.

11 “Agricultural land” means land suitable for use in farming.

12 “Authority” means the New Jersey Economic Development
13 Authority established pursuant to section 4 of P.L.1974, c.80
14 (C.34:1B-4).

15 “Beginning farmer” means a person with a low or moderate net
16 worth who engages in farming or wishes to engage in farming.

17 “Department” means the Department of Agriculture.

18 “Depreciable agricultural property” means personal property
19 suitable for use in farming for which an income tax deduction for
20 depreciation is allowable in computing federal income tax under the
21 federal Internal Revenue Code.

22 “Farming” means the cultivation of land for the production of
23 agricultural crops, the raising of poultry, the production of eggs, the
24 production of milk, the production of fruit or other horticultural
25 crops, grazing, the production of livestock, aquaculture,
26 hydroponics, the production of forest products, or other activities
27 designated by the department pursuant to rules and regulations.

28 “Low or moderate net worth” means a net worth that does not
29 exceed the maximum allowable net worth established by the
30 department pursuant to rules and regulations. The department shall
31 determine the maximum allowable net worth in using data compiled
32 by the National Agricultural Statistics Service in the United States
33 Department of Agriculture.

34

35 2. a. The New Jersey Economic Development Authority, in
36 consultation with the Department of Agriculture, shall develop and
37 administer a beginning farmer loan program to facilitate the
38 acquisition of agricultural land, agricultural improvements, and
39 depreciable agricultural property by beginning farmers.

40 b. (1) A beginning farmer seeking a loan pursuant to this
41 section shall apply to the authority, in a form and manner as
42 determined by the authority, and shall include such information as
43 the authority determines is necessary in consideration of the
44 provisions of this act.

45 (2) In order to receive a loan from the authority pursuant to this
46 act, the beginning farmer shall meet the following requirements:

47 (a) the beginning farmer shall be a resident of the State;

1 (b) the agricultural land, agricultural improvements, or
2 depreciable agricultural property the beginning farmer proposes to
3 purchase shall be located in the State;

4 (c) the beginning farmer shall have sufficient education,
5 training, or experience in the type of farming for which the
6 beginning farmer requests the loan;

7 (d) if the loan is for the acquisition of agricultural land, the
8 beginning farmer shall have access to adequate working capital,
9 farm equipment, machinery, or livestock;

10 (e) if the loan is for the acquisition of depreciable agricultural
11 property, the beginning farmer shall have access to adequate
12 working capital or agricultural land;

13 (f) the beginning farmer shall materially and substantially
14 participate in farming;

15 (g) the agricultural land and agricultural improvements shall
16 only be used for farming by, or under the direction of, the beginning
17 farmer; and

18 (h) any other criteria established by the authority pursuant to
19 rules and regulations.

20 (3) The authority shall review completed applications and
21 approve applications that meet the requirements of this section and
22 the rules and regulations adopted pursuant to section 3 of this act.

23 c. A beginning farmer loan under this section shall be made
24 pursuant to a loan agreement with the authority, shall bear interest
25 at rates and terms deemed appropriate by the authority, and shall
26 contain other terms and conditions considered appropriate by the
27 authority that are consistent with the purposes of this act and with
28 the rules and regulations adopted by the authority pursuant to
29 section 3 of this act.

30 d. The authority may, in its discretion, require a beginning
31 farmer that receives a loan pursuant to this act to submit an audited
32 financial statement to the authority in order to ensure the beginning
33 farmer's continued viability.

34 e. The authority may, either through the adoption of rules and
35 regulations, or through the terms of the loan agreement made
36 pursuant to subsection c. of this section, establish terms governing
37 the incidence of default by a beginning farmer that receives a loan
38 under the program administered pursuant to this act.

39 f. The authority may participate in, and cooperate with,
40 programs of the Consolidated Farm Service Agency in the United
41 States Department of Agriculture, Federal Land Bank, or any other
42 agency or instrumentality of the federal government, or with any
43 program of any other State agency in the administration of the
44 beginning farmer loan program.

45
46 3. The New Jersey Economic Development Authority, in
47 consultation with the Department of Agriculture, shall adopt,
48 pursuant to the "Administrative Procedure Act," P.L.1968, c.410

1 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate
2 the purposes of this act.

3

4 4. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This bill would require the New Jersey Economic Development
10 Authority (“EDA”), in consultation with the Department of
11 Agriculture, to develop and administer a beginning farmer loan
12 program to facilitate the acquisition of agricultural land, agricultural
13 improvements, or depreciable agricultural property by beginning
14 farmers. Under the bill, a “beginning farmer” is defined as any
15 person with a low or moderate net worth, as determined by the
16 department, who engages in farming or wishes to engage in
17 farming. An “agricultural improvement” is defined as any
18 improvement, building, structure, or fixture suitable for use in
19 farming which is located on agricultural land. “Depreciable
20 agricultural property” is defined as personal property suitable for
21 use in farming for which an income tax deduction for depreciation
22 is allowable under federal law, such as farm machinery and trucks.

23 To qualify for a loan under the program, a beginning farmer
24 would have to meet the following requirements:

25 1) the beginning farmer must be a resident of the State;

26 2) the agricultural land, agricultural improvements, or
27 depreciable agricultural property the beginning farmer proposes to
28 purchase must be located in the State;

29 3) the beginning farmer must have sufficient education,
30 training, or experience in the type of farming for which the
31 beginning farmer requests the loan;

32 4) if the loan is for the acquisition of agricultural land, the
33 beginning farmer must have access to adequate working capital,
34 farm equipment, machinery, or livestock;

35 5) if the loan is for the acquisition of depreciable agricultural
36 property, the beginning farmer must have access to adequate
37 working capital or agricultural land;

38 6) the beginning farmer must materially and substantially
39 participate in farming;

40 7) the agricultural land and agricultural improvements must
41 only be used for farming by, or under the direction of, the beginning
42 farmer; and

43 8) any other criteria established by the authority pursuant to
44 regulation.

45 The bill provides that an EDA-approved loan to a beginning
46 farmer is to be made pursuant to a loan agreement with the
47 authority, is to bear interest at rates and terms deemed appropriate
48 by the EDA, and is to contain other terms and conditions considered

1 appropriate by the EDA that are consistent with the purposes of the
2 bill and the regulations adopted by the EDA. The authority could
3 require a beginning farmer that receives a loan under the program to
4 submit an audited financial statement to the authority in order to
5 ensure the beginning farmer's continued viability, and may, either
6 by regulation or through the terms of the loan agreement, establish
7 terms governing the incidence of default by a beginning farmer who
8 receives a loan under the program. The EDA would have the
9 authority to participate in programs of the United States Department
10 of Agriculture Consolidated Farm Service Agency, Federal Land
11 Bank, or any other federal or State agency in the administration of
12 this program.

13 The purpose of this bill is to develop and administer a beginning
14 farmer loan program to facilitate the acquisition of agricultural
15 land, agricultural improvements, or depreciable agricultural
16 property by beginning farmers. New Jersey cannot rest on the
17 success of land preservation, but must take further action to
18 preserve its farmers as well. Currently, the average age of a farmer
19 in the United States is 57.5 years. The national average age has
20 increased by 1.6 percent annually since 1994, on average, according
21 to the 2017 Census of Agriculture conducted by the United States
22 Department of Agriculture. The average age of a New Jersey
23 farmer is 59.7 years, according to the same report. The Statewide
24 average age has increased more drastically at 2.72 percent annually
25 since 2002, on average.