

ASSEMBLY, No. 5041

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Provides corporation business tax and gross income tax credits to persons hiring beginning farmers to perform custom farming.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing tax credits to persons hiring beginning farmers
2 to perform custom farming and supplementing P.L.1945,
3 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey
4 Statutes.

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

8
9 1. a. For privilege periods beginning on or after January 1 next
10 following the effective date of P.L. , c. (C.) (pending
11 before the Legislature as this bill), a taxpayer that executes a
12 custom farming contract with a qualified beginning farmer as
13 provided in subsection b. of this section, and that meets the
14 requirements of this section and the rules and regulations adopted
15 pursuant thereto, shall be allowed a credit against the tax due
16 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount
17 as provided in subsection c. of this section.

18 b. (1) Any custom farming contract for which a credit is
19 claimed pursuant to subsection a. of this section shall:

20 (a) provide for the production of crops located on agricultural
21 land or the production of livestock principally located on
22 agricultural land by the qualified beginning farmer;

23 (b) be in writing;

24 (c) provide that the taxpayer pay the qualified beginning farmer
25 on a cash basis;

26 (d) provide that the total cash payment made for each privilege
27 period that the tax credit is claimed equal at least \$1,000; and

28 (e) be for a term of not more than 24 months.

29 (2) The taxpayer shall make all management decisions
30 substantially contributing to or affecting the production of crops
31 located on the agricultural land or the production of livestock
32 principally located on the agricultural land, provided that nothing in
33 this paragraph shall prohibit a qualified beginning farmer from
34 regularly or frequently taking part in making day-to-day operational
35 decisions affecting production.

36 (3) The qualified beginning farmer shall provide for all of the
37 following:

38 (a) production items principally used to produce crops located
39 on the agricultural land or to produce livestock principally located
40 on the agricultural land; and

41 (b) labor principally used to produce crops located on the
42 agricultural land or to produce livestock principally located on the
43 agricultural land. The qualified beginning farmer shall personally
44 provide such labor on a regular, continuous, and substantial basis.

45 c. A custom farming tax credit claimed pursuant to this section
46 shall be calculated as follows:

47 (1) If the qualified beginning farmer is a veteran, the taxpayer
48 may claim a tax credit equal to eight percent of the gross amount

1 paid to the qualified beginning farmer under the custom farming
2 contract for the first privilege period that the tax credit is allowed,
3 and seven percent of the gross amount paid to the qualified
4 beginning farmer under the custom farming contract for each
5 subsequent privilege period that the tax credit is allowed. The
6 taxpayer may only claim seven percent of the gross amount paid to
7 the qualified beginning farmer under a renewed custom farming
8 contract or a new custom farming contract executed by the same
9 parties; or

10 (2) If the qualified beginning farmer is not a veteran, the
11 taxpayer may claim a tax credit equal to seven percent of the gross
12 amount paid to the qualified beginning farmer under the custom
13 farming contract for each privilege period that the tax credit is
14 allowed.

15 d. A custom farming contract tax credit shall not be allowed if
16 the taxpayer and the qualified beginning farmer are related to each
17 other as any of the following:

18 (1) persons who hold a legal or equitable interest in the same
19 agricultural land, including as individuals or as partners or
20 shareholders in the same business corporation, partnership, limited
21 partnership, or limited liability company; or

22 (2) spouse, child, stepchild, brother, or sister.

23 e. (1) To qualify for the tax credit allowed pursuant to this
24 section, a taxpayer shall apply for a certification from the secretary
25 that certifies: (a) that the custom farming contract meets the
26 requirements of this section; and (b) the amount of the tax credit
27 calculated pursuant to subsection c. of this section. A taxpayer may
28 submit a single application to the department for the department's
29 review and approval of the issuance of a certification for either one
30 or two privilege periods as provided in the custom farming contract.
31 The application shall include a copy of the custom farming contract,
32 and any other information as determined relevant by the
33 department. Upon certification, the secretary shall submit a copy
34 thereof to the taxpayer and the director. The department may
35 approve an application and issue a certification to a taxpayer that
36 has previously been allowed a tax credit under this section. When
37 filing a tax return that includes a claim for a credit pursuant to this
38 section, the taxpayer shall include a copy of the certification issued
39 by the secretary.

40 (2) The department shall not approve an application or issue a
41 certification to a taxpayer for a tax credit in excess of \$50,000. The
42 department also shall not approve an application or issue a tax
43 credit certificate to a taxpayer if any of the following applies:

44 (a) the taxpayer is at fault for terminating another custom
45 farming contract, as determined by the department;

46 (b) the taxpayer is a party to a pending administrative or judicial
47 action related to an alleged violation of the rules and regulations
48 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)

1 concerning the humane raising, keeping, care, treatment, marketing,
2 and sale of domestic livestock;

3 (c) the taxpayer has committed two or more violations of the
4 rules and regulations adopted pursuant to section 1 of
5 P.L.1995, c.311 (C.4:22-16.1) concerning the humane raising,
6 keeping, care, treatment, marketing, and sale of domestic livestock;
7 or

8 (d) the custom farming contract amount is substantially higher
9 or lower than the market rate for a similar custom farming contract,
10 as determined by the department.

11 f. A taxpayer or the qualified beginning farmer may terminate
12 a custom farming contract as provided in the contract or by law.
13 The taxpayer must notify the department of the termination within
14 30 days after the termination.

15 (1) If the department determines that the taxpayer is not at fault
16 for the termination, the department shall not issue a certification to
17 the taxpayer for a subsequent privilege period based on the
18 approved application. Any prior tax credit is allowed as provided in
19 this section. The taxpayer may apply for and be issued another
20 certification for the same agricultural land under a custom farming
21 contract with another qualified beginning farmer.

22 (2) If the department determines that the taxpayer is at fault for
23 the termination, any prior tax credit allowed under this section is
24 disallowed. The amount of the tax credit shall be immediately due
25 and payable as a tax liability to the Division of Taxation. If a
26 taxpayer does not notify the department of the termination within
27 30 days after the termination, the taxpayer shall be conclusively
28 deemed at fault for the termination.

29 g. The order of priority of the application of the credit allowed
30 pursuant to this section and any other credits allowed against the tax
31 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
32 a privilege period shall be as prescribed by the director. The
33 amount of the credit applied pursuant to this section against the tax
34 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),
35 shall not reduce a taxpayer's tax liability for a privilege period to an
36 amount less than the statutory minimum provided in subsection (e)
37 of section 5 of P.L.1945, c.162 (C.54:10A-5). Any credit shall be
38 valid in the privilege period in which the certification is approved
39 and any unused portion thereof may be carried forward into the next
40 10 privilege periods or until depleted, whichever is earlier.

41 h. The amount of tax credits that may be issued pursuant to this
42 section and section 2 of P.L. , c. (C.) (pending before the
43 Legislature as this bill) shall not in the aggregate exceed \$4 million
44 in any year. The department shall issue certifications for the tax
45 credit pursuant to this section and section 2 of P.L. , c. (C.)
46 (pending before the Legislature as this bill) on a first-come, first-
47 serve basis.

1 i. The secretary, in consultation with the director, shall adopt,
2 pursuant to the "Administrative Procedure Act,"
3 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
4 necessary to carry out the provisions of this section.

5 j. On or before January 31 of each year, the secretary shall
6 submit a report to the Governor, the State Treasurer, and, pursuant
7 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
8 the effectiveness of the tax credit in making agricultural lands
9 available to qualified beginning farmers for custom farming.

10 k. As used in this section:

11 "Agricultural asset" means agricultural land, depreciable
12 agricultural property, crops, or livestock.

13 "Agricultural land" means land suitable for use in farming.

14 "Beginning farmer" means a person with a low or moderate net
15 worth that engages in farming, or wishes to engage in farming.

16 "Custom farming contract" or "contract" means a contract that
17 meets the requirements of subsection b. of this section.

18 "Department" means the Department of Agriculture.

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

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

31 "Production item" means tools, machinery, or equipment
32 principally used to produce crops or livestock.

33 "Qualified beginning farmer" means a beginning farmer that:

- 34 (1) is a resident of the State;
- 35 (2) has sufficient education, training, or experience in farming;
- 36 (3) has access to adequate working capital and production items;
- 37 (4) will materially and substantially participate in farming; and
- 38 (5) is not responsible for managing or maintaining agricultural
39 land and other agricultural assets that are greater than necessary to
40 adequately support a beginning farmer as determined by the
41 department pursuant to rules and regulations.

42 "Secretary" means the Secretary of Agriculture.

43 "Veteran" means any citizen and resident of this State honorably
44 discharged or released under honorable circumstances from active
45 service in any branch of the Armed Forces of the United States.

46

47 2. a. For taxable years beginning on or after January 1 next
48 following the effective date of P.L. , c. (C.) (pending

1 before the Legislature as this bill), a taxpayer that executes a
2 custom farming contract with a qualified beginning farmer as
3 provided in subsection b. of this section, and that meets the
4 requirements of this section and the rules and regulations adopted
5 pursuant thereto, shall be allowed a credit against the New Jersey
6 gross income tax due pursuant to N.J.S.54A:1-1 et seq., in an
7 amount as provided in subsection c. of this section.

8 b. (1) Any custom farming contract for which a credit is
9 claimed pursuant to subsection a. of this section shall:

10 (a) provide for the production of crops located on agricultural
11 land or the production of livestock principally located on
12 agricultural land by the qualified beginning farmer;

13 (b) be in writing;

14 (c) provide that the taxpayer pay the qualified beginning farmer
15 on a cash basis;

16 (d) provide that the total cash payment made for each taxable
17 year that the tax credit is claimed equal at least \$1,000; and

18 (e) be for a term of not more than 24 months.

19 (2) The taxpayer shall make all management decisions
20 substantially contributing to or affecting the production of crops
21 located on the agricultural land or the production of livestock
22 principally located on the agricultural land, provided that nothing in
23 this paragraph shall prohibit a qualified beginning farmer from
24 regularly or frequently taking part in making day-to-day operational
25 decisions affecting production.

26 (3) The qualified beginning farmer shall provide for all of the
27 following:

28 (a) production items principally used to produce crops located
29 on the agricultural land or to produce livestock principally located
30 on the agricultural land; and

31 (b) labor principally used to produce crops located on the
32 agricultural land or to produce livestock principally located on the
33 agricultural land. The qualified beginning farmer shall personally
34 provide such labor on a regular, continuous, and substantial basis.

35 c. A custom farming tax credit claimed pursuant to this section
36 shall be calculated as follows:

37 (1) If the qualified beginning farmer is a veteran, the taxpayer
38 may claim a tax credit equal to eight percent of the gross amount
39 paid to the qualified beginning farmer under the custom farming
40 contract for the first taxable year that the tax credit is allowed, and
41 seven percent of the gross amount paid to the qualified beginning
42 farmer under the custom farming contract for each subsequent
43 taxable year that the tax credit is allowed. The taxpayer may only
44 claim seven percent of the gross amount paid to the qualified
45 beginning farmer under a renewed custom farming contract or a
46 new custom farming contract executed by the same parties; or

47 (2) If the qualified beginning farmer is not a veteran, the
48 taxpayer may claim a tax credit equal to seven percent of the gross

1 amount paid to the qualified beginning farmer under the custom
2 farming contract for each taxable year that the tax credit is allowed.

3 d. A custom farming contract tax credit shall not be allowed if
4 the taxpayer and the qualified beginning farmer are related to each
5 other as any of the following:

6 (1) persons who hold a legal or equitable interest in the same
7 agricultural land, including as individuals or as partners or
8 shareholders in the same business corporation, partnership, limited
9 partnership, or limited liability company; or

10 (2) spouse, child, stepchild, brother, or sister.

11 e. (1) To qualify for the tax credit allowed pursuant to this
12 section, a taxpayer shall apply for a certification from the secretary
13 that certifies: (a) that the custom farming contract meets the
14 requirements of this section; and (b) the amount of the tax credit
15 calculated pursuant to subsection c. of this section. A taxpayer may
16 submit a single application to the department for the department's
17 review and approval of the issuance of a certification for either one
18 or two taxable years as provided by the custom farming contract.
19 The application shall include a copy of the custom farming contract,
20 and any other information as determined relevant by the
21 department. Upon certification, the secretary shall submit a copy
22 thereof to the taxpayer and the director. The department may
23 approve an application and issue a certification to a taxpayer that
24 has previously been allowed a tax credit under this section. When
25 filing a tax return that includes a claim for a credit pursuant to this
26 section, the taxpayer shall include a copy of the certification issued
27 by the secretary.

28 (2) The department shall not approve an application or issue a
29 certification to a taxpayer for a tax credit in excess of \$50,000. The
30 department also shall not approve an application or issue a tax
31 credit certificate to a taxpayer if any of the following applies:

32 (a) the taxpayer is at fault for terminating another custom
33 farming contract, as determined by the department;

34 (b) the taxpayer is a party to a pending administrative or judicial
35 action related to an alleged violation of the rules and regulations
36 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
37 concerning the humane raising, keeping, care, treatment, marketing,
38 and sale of domestic livestock;

39 (c) the taxpayer has committed two or more violations of the
40 rules and regulations adopted pursuant to section 1 of
41 P.L.1995, c.311 (C.4:22-16.1) concerning the humane raising,
42 keeping, care, treatment, marketing, and sale of domestic livestock;
43 or

44 (d) the custom farming contract amount is substantially higher
45 or lower than the market rate for a similar custom farming contract,
46 as determined by the department.

47 f. A taxpayer or the qualified beginning farmer may terminate
48 a custom farming contract as provided in the contract or by law.

1 The taxpayer must notify the department of the termination within
2 30 days after the termination.

3 (1) If the department determines that the taxpayer is not at fault
4 for the termination, the department shall not issue a certification to
5 the taxpayer for a subsequent taxable year based on the approved
6 application. Any prior tax credit is allowed as provided in this
7 section. The taxpayer may apply for and be issued another
8 certification for the same agricultural land under a custom farming
9 contract with another qualified beginning farmer.

10 (2) If the department determines that the taxpayer is at fault for
11 the termination, any prior tax credit allowed under this section is
12 disallowed. The amount of the tax credit shall be immediately due
13 and payable as a tax liability to the Division of Taxation. If a
14 taxpayer does not notify the department of the termination within
15 30 days after the termination, the taxpayer shall be conclusively
16 deemed at fault for the termination.

17 g. The order of priority of the application of the credit allowed
18 pursuant to this section and any other credits allowed against the tax
19 imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year shall
20 be as prescribed by the director. The amount of the credit applied
21 pursuant to this section against the tax imposed pursuant to
22 N.J.S.54A:1-1 et seq. shall not reduce a taxpayer's tax liability for a
23 taxable year to an amount less than zero. Any credit shall be valid
24 in the taxable year in which the certification is approved and any
25 unused portion thereof may be carried forward into the next 10
26 taxable years or until depleted, whichever is earlier.

27 h. A business entity that is classified as a partnership for
28 federal income tax purposes shall not be allowed the credit directly
29 under N.J.S.54A:1-1 et seq., but the amount of credit of the
30 taxpayer in respect of a distributive share of partnership income
31 shall be determined by allocating to the taxpayer that proportion of
32 the credit acquired by the partnership that is equal to the taxpayer's
33 share, whether or not distributed, of the total distributive income or
34 gain of the partnership for its taxable year ending within or with the
35 taxpayer's taxable year.

36 A taxpayer that is a New Jersey S corporation shall not be
37 allowed the credit directly under N.J.S.54A:1-1 et seq., but the
38 amount of credit of a taxpayer in respect of a pro rata share of S
39 corporation income shall be determined by allocating to the
40 taxpayer that proportion of the credit acquired by the New Jersey S
41 corporation that is equal to the taxpayer's share, whether or not
42 distributed, of the total pro rata share of S corporation income of the
43 New Jersey S corporation for its taxable year ending within or with
44 the taxpayer's taxable year.

45 i. The amount of tax credits that may be issued pursuant to this
46 section and section 1 of P.L. , c. (C.) (pending before the
47 Legislature as this bill) shall not in the aggregate exceed \$4 million
48 in any year. The department shall issue certifications for the tax

1 credit pursuant to this section and section 1 of P.L. , c. (C.)
 2 (pending before the Legislature as this bill) on a first-come, first-
 3 serve basis.

4 j. The secretary, in consultation with the director, shall adopt,
 5 pursuant to the "Administrative Procedure Act,"
 6 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
 7 necessary to carry out the provisions of this section.

8 k. On or before January 31 of each year, the secretary shall
 9 submit a report to the Governor, the State Treasurer, and, pursuant
 10 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
 11 the effectiveness of the tax credit in making agricultural lands
 12 available to qualified beginning farmers for custom farming.

13 l. As used in this section:

14 "Agricultural asset" means agricultural land, depreciable
 15 agricultural property, crops, or livestock.

16 "Agricultural land" means land suitable for use in farming.

17 "Beginning farmer" means a person with a low or moderate net
 18 worth that engages in farming, or wishes to engage in farming.

19 "Custom farming contract" or "contract" means a contract that
 20 meets the requirements of subsection b. of this section.

21 "Department" means the Department of Agriculture.

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 by using data
 32 compiled by the National Agricultural Statistics Service in the
 33 United States Department of Agriculture.

34 "Production item" means tools, machinery, or equipment
 35 principally used to produce crops or livestock.

36 "Qualified beginning farmer" means a beginning farmer that:

- 37 (1) is a resident of the State;
 - 38 (2) has sufficient education, training, or experience in farming;
 - 39 (3) has access to adequate working capital and production items;
 - 40 (4) will materially and substantially participate in farming; and
 - 41 (5) is not responsible for managing or maintaining agricultural
- 42 land and other agricultural assets that are greater than necessary to
 43 adequately support a beginning farmer as determined by the
 44 department pursuant to rules and regulations.

45 "Secretary" means the Secretary of Agriculture.

46 "Veteran" means any citizen and resident of this State honorably
 47 discharged or released under honorable circumstances from active
 48 service in any branch of the Armed Forces of the United States.

1 3. This act shall take effect immediately.

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3

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STATEMENT

5

6 This bill would provide corporation business tax and gross
7 income tax credits to persons hiring beginning farmers to perform
8 custom farming.

9 Specifically, for privilege periods and taxable years beginning on
10 or after January 1, 2017, a taxpayer that executes a custom farming
11 contract with a qualified beginning farmer, and that meets the
12 requirements of the bill and the regulations adopted by the
13 Department of Agriculture (“department”), would be entitled to a
14 tax credit as described below.

15 Any custom farming contract for which a credit is claimed under
16 the bill must: (1) provide for the production of crops located on
17 agricultural land or the production of livestock principally located
18 on agricultural land by the qualified beginning farmer; (2) be in
19 writing; (3) provide that the taxpayer pay the qualified beginning
20 farmer on a cash basis; (4) provide that the total cash payment made
21 for each privilege period or taxable year that the tax credit is
22 claimed equal at least \$1,000; and (5) be for a term of not more than
23 24 months. In addition, the taxpayer must make all management
24 decisions substantially contributing to affecting the production of
25 crops or livestock. However, a qualified beginning farmer may
26 regularly and frequently take part in making day-to-day operational
27 decisions affecting production. The qualified beginning farmer
28 must provide production items principally used to produce crops or
29 livestock, and the labor principally used to produce the crops or
30 livestock.

31 Under the bill, a “qualified beginning farmer” means a person
32 with a low or moderate net worth, as determined by the department,
33 that engages, or wishes to engage, in farming, and that: (1) is a
34 resident of the State; (2) has sufficient education, training, or
35 experience in farming; (3) has access to adequate working capital
36 and production items; (4) will materially and substantially
37 participate in farming; and (5) is not responsible for managing or
38 maintaining agricultural land and other agricultural assets that are
39 greater than necessary to adequately support a beginning farmer as
40 determined by the department pursuant to regulation.

41 The amount of the tax credit would be calculated based on the
42 gross amount paid to the qualified beginning farmer under the
43 custom farming contract. If the qualified beginning farmer is a
44 veteran, the taxpayer may claim a tax credit equal to eight percent
45 of the gross amount paid to the qualified beginning farmer under the
46 contract for the first privilege period or taxable year, and seven
47 percent for each subsequent privilege period or taxable year. The
48 taxpayer may only claim seven percent of the gross amount paid to

1 the qualified beginning farmer under a renewed custom farming
2 contract or a new custom farming contract executed between the
3 same parties. If the qualified beginning farmer is not a veteran, the
4 taxpayer may claim a tax credit equal to seven percent of the gross
5 amount paid to the qualified beginning farmer under the custom
6 farming contract for each privilege period or taxable year. No tax
7 credit would be allowed if the taxpayer and the qualified beginning
8 farmer are persons who hold a legal or equitable interest in the same
9 agricultural land, or family members.

10 To qualify for a credit under the bill, a taxpayer would have to
11 apply for a certification from the Secretary of Agriculture that
12 certifies that the custom farming contract meets the requirements of
13 the bill, and the amount of the tax credit. The department would
14 not approve an application or issue a certification to a taxpayer for a
15 tax credit of more than \$50,000. In addition, the department would
16 not approve an application or issue a certification if: (1) the
17 taxpayer is at fault for terminating another custom farming contract,
18 as determined by the department; (2) the taxpayer is a party to a
19 pending administrative or judicial action related to an alleged
20 violation of the regulations adopted pursuant to
21 P.L.1995, c.311 (C.4:22-16.1) concerning the humane raising,
22 keeping, care, treatment, marketing, and sale of domestic livestock;
23 (3) the taxpayer has committed two or more violations of the
24 regulations adopted pursuant to P.L.1995, c.311 (C.4:22-16.1); or
25 (4) the custom farming contract amount is substantially higher or
26 lower than the market rate for a similar custom farming contract.

27 The tax credit could not reduce a taxpayer's tax liability for any
28 privilege period or taxable year to an amount less than zero. Any
29 credit would be valid in the privilege period or taxable year in
30 which the certification is approved and any unused portion could be
31 carried forward into the next 10 privilege periods or taxable years,
32 or until depleted, whichever is earlier. Also, the combined amount
33 of tax credits that may be issued under the bill could not in the
34 aggregate exceed \$4 million in any year. The department would
35 issue certifications for the tax credit on a first-come, first-serve
36 basis.

37 Under the bill, a taxpayer or the qualified beginning farmer may
38 terminate a custom farming contract as provided in the agreement or
39 by law. The taxpayer must notify the department of the termination
40 within 30 days after the termination. If the department determines
41 that the taxpayer is not at fault for the termination, the department
42 would not issue a certification to the taxpayer for a subsequent
43 privilege period or taxable year based on the approved application.
44 Any prior tax credit would be allowed. The taxpayer may apply for
45 and be issued another certification for the same agricultural land
46 under a custom farming contract with another qualified beginning
47 farmer. If the department determines that the taxpayer is at fault for
48 the termination, any prior tax credit allowed would be disallowed.

1 The amount of the tax credit would be immediately due and payable
2 as a tax liability to the Division of Taxation. If a taxpayer does not
3 notify the department of a termination with 30 days after the
4 termination, the taxpayer would be conclusively deemed at fault for
5 the termination.

6 The purpose of this bill is to provide an incentive to taxpayers to
7 make agricultural lands and assets available to beginning farmers in
8 the State, and keep agricultural lands in production. New Jersey
9 cannot rest on the success of land preservation but must take further
10 action to preserve its farmers as well. Currently, the average age of
11 a farmer in the United States is 57.5 years. The national average
12 age has increased by 1.6 percent annually since 1994, on average,
13 according to the 2017 Census of Agriculture conducted by the
14 United States Department of Agriculture. The average age of a New
15 Jersey farmer is 59.7 years, according to the same report. The state-
16 wide average age has increased more drastically at 2.72 percent
17 annually since 2002, on average.