

ASSEMBLY, No. 5044

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

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 P.L.1974, c.80 (C.34:1B-1 et seq.).
3

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

7 1. As used in P.L. , c. (C.) (pending before the
8 Legislature as this bill):

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

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

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

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

18 “Department” means the Department of Agriculture.

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

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

29 “Low or moderate net worth” means a net worth that does not
30 exceed the maximum allowable net worth established by the
31 department pursuant to rules and regulations. The department shall
32 determine the maximum allowable net worth in using data compiled
33 by the National Agricultural Statistics Service in the United States
34 Department of Agriculture.
35

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

41 b. (1) A beginning farmer seeking a loan pursuant to this
42 section shall apply to the authority, in a form and manner as
43 determined by the authority, and shall include such information as
44 the authority determines is necessary in consideration of the
45 provisions of P.L. , c. (C.) (pending before the
46 Legislature as this bill).

1 (2) In order to receive a loan from the authority pursuant to
2 P.L. , c. (C.) (pending before the Legislature as this bill),
3 the beginning farmer shall meet the following requirements:

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

5 (b) the agricultural land, agricultural improvements, or
6 depreciable agricultural property the beginning farmer proposes to
7 purchase shall be located in the State;

8 (c) the beginning farmer shall have sufficient education,
9 training, or experience in the type of farming for which the
10 beginning farmer requests the loan;

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

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

17 (f) the beginning farmer shall materially and substantially
18 participate in farming;

19 (g) the agricultural land and agricultural improvements shall
20 only be used for farming by, or under the direction of, the beginning
21 farmer; and

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

24 (3) The authority shall review completed applications and
25 approve applications that meet the requirements of this section and
26 the rules and regulations adopted pursuant to section 3 of
27 P.L. , c. (C.) (pending before the Legislature as this bill).

28 c. A beginning farmer loan under this section shall be made
29 pursuant to a loan agreement with the authority, shall bear interest
30 at rates and terms deemed appropriate by the authority, and shall
31 contain other terms and conditions considered appropriate by the
32 authority that are consistent with the purposes of
33 P.L. , c. (C.) (pending before the Legislature as this bill)
34 and with the rules and regulations adopted by the authority pursuant
35 to section 3 of P.L. , c. (C.) (pending before the
36 Legislature as this bill).

37 d. The authority may, in its discretion, require a beginning
38 farmer that receives a loan pursuant to P.L. , c. (C.)
39 (pending before the Legislature as this bill) to submit an audited
40 financial statement to the authority in order to ensure the beginning
41 farmer's continued viability.

42 e. The authority may, either through the adoption of rules and
43 regulations, or through the terms of the loan agreement made
44 pursuant to subsection c. of this section, establish terms governing
45 the incidence of default by a beginning farmer that receives a loan
46 under the program administered pursuant to P.L. , c. (C.)
47 (pending before the Legislature as this bill).

1 f. The authority may participate in, and cooperate with,
2 programs of the Consolidated Farm Service Agency in the United
3 States Department of Agriculture, Federal Land Bank, or any other
4 agency or instrumentality of the federal government, or with any
5 program of any other State agency in the administration of the
6 beginning farmer loan program.

7
8 3. The New Jersey Economic Development Authority, in
9 consultation with the Department of Agriculture, shall adopt,
10 pursuant to the “Administrative Procedure Act,”
11 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations
12 necessary to effectuate the purposes of P.L. , c. (C.)
13 (pending before the Legislature as this bill).

14
15 4. This act shall take effect immediately.

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18 STATEMENT

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20 This bill would require the New Jersey Economic Development
21 Authority (“EDA”), in consultation with the Department of
22 Agriculture, to develop and administer a beginning farmer loan
23 program to facilitate the acquisition of agricultural land, agricultural
24 improvements, or depreciable agricultural property by beginning
25 farmers. Under the bill, a “beginning farmer” is defined as any
26 person with a low or moderate net worth, as determined by the
27 department, that engages in farming, or wishes to engage in
28 farming. An “agricultural improvement” is defined as any
29 improvement, building, structure, or fixture suitable for use in
30 farming which is located on agricultural land. “Depreciable
31 agricultural property” is defined as personal property suitable for
32 use in farming for which an income tax deduction for depreciation
33 is allowable under federal law, such as farm machinery and trucks.

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

- 36 1) the beginning farmer must be a resident of the State;
37 2) the agricultural land, agricultural improvements, or
38 depreciable agricultural property the beginning farmer proposes to
39 purchase must be located in the State;
40 3) the beginning farmer must have sufficient education,
41 training, or experience in the type of farming for which the
42 beginning farmer requests the loan;
43 4) if the loan is for the acquisition of agricultural land, the
44 beginning farmer must have access to adequate working capital,
45 farm equipment, machinery, or livestock;
46 5) if the loan is for the acquisition of depreciable agricultural
47 property, the beginning farmer must have access to adequate
48 working capital or agricultural land;

1 6) the beginning farmer must materially and substantially
2 participate in farming;

3 7) the agricultural land and agricultural improvements must
4 only be used for farming by, or under the direction of, the beginning
5 farmer; and

6 8) any other criteria established by the authority pursuant to
7 regulation.

8 The bill requires that an EDA-approved loan to a beginning
9 farmer is to be made pursuant to a loan agreement with the
10 authority, bear interest at rates and terms deemed appropriate by the
11 EDA, and contain other terms and conditions considered
12 appropriate by the EDA that are consistent with the purposes of the
13 bill and the regulations adopted by the EDA. The authority could
14 require a beginning farmer that receives a loan under the program to
15 submit an audited financial statement to the authority in order to
16 ensure the beginning farmer's continued viability, and may, either
17 by regulation or through the terms of the loan agreement, establish
18 terms governing the incidence of default by a beginning farmer that
19 receives a loan under the program. The EDA would have the
20 authority to participate in programs of the United States Department
21 of Agriculture Consolidated Farm Service Agency, Federal Land
22 Bank, or any other federal or State agency in the administration of
23 this program.

24 The purpose of this bill is to develop and administer a beginning
25 farmer loan program to facilitate the acquisition of agricultural
26 land, agricultural improvements, or depreciable agricultural
27 property by beginning farmers New Jersey cannot rest on the
28 success of land preservation but must take further action to preserve
29 its farmers as well. Currently, the average age of a farmer in the
30 United States is 57.5 years. The national average age has increased
31 by 1.6 percent annually since 1994, on average, according to the
32 2017 Census of Agriculture conducted by the United States
33 Department of Agriculture. The average age of a New Jersey farmer
34 is 59.7 years, according to the same report. The state-wide average
35 age has increased more drastically at 2.72 percent annually since
36 2002, on average.