LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4231
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 7, 2022

SUMMARY

Synopsis: Creates program in Department of Agriculture for deer fencing on certain farmland.

Type of Impact: Annual State expenditure increase.

Agencies Affected: Department of Agriculture

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate

- The OLS estimates that this bill would result in an indeterminate annual expenditure increase to the Department of Agriculture (NJDA) as it is not known how many eligible farmers would apply for the grant and in what amounts.

- Based on certain assumptions detailed below, the total cost to the State for the program just on unpreserved farmland could be about $22.5 million. However, this amount does not include certain eligible farms in the Pinelands and Highlands regions so the actual cost of the grant program could be higher. On the other hand, the total cost of the program would be reduced if not all eligible farmers apply for the grant or meet the required applicant criteria. The annual impact to the State is variable because it is not known when farmers eligible for the grant would apply for it.

- The NJDA may undertake additional duties in order to adopt rules and regulations to implement the grant program. The OLS determines that these can be subsumed within the existing duties of the department.

BILL DESCRIPTION

This bill would create a grant program within the NJDA to provide matching grants to the owner or operator of (1) unpreserved farmland; (2) a farm for which pinelands development credits have been sold or otherwise conveyed pursuant to the Pinelands Development Credit Bank Act; or

(3) a farm that is located in a sending zone pursuant to section 13 of the Highlands Water Protection and Planning Act.

Contingent on available funding, the NJDA would award grants of up to $200 per acre, not to exceed a total of $20,000 per applicant for up to 50 percent of eligible project costs, which would include the cost to purchase deer fencing, the maintenance costs of existing deer fencing, or any other costs established as eligible project costs as defined by the department. To be eligible for the program, an applicant would be required to have a minimum of $10,000 in gross sales in the preceding calendar year from agricultural or horticultural products grown or derived from the applicant's farm operation. A grant recipient would be required to retain the land in agricultural or horticultural production for eight years following receipt of the grant, or the recipient would be required to repay the grant on a pro rata basis.

The NJDA would be required to request annually, as part of its budget proposal, such amount as may be necessary to fund the deer fencing matching grant program. The NJDA would also be required to work with the Division of Fish and Wildlife in the Department of Environmental Protection, the United States Department of Agriculture, and any other applicable State or federal agency, to pursue any available federal, State, local, and private funding for the grant program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill would result in an indeterminate annual expenditure increase to the NJDA as it is not known how many eligible farmers would apply for the grants and in what amounts. Based on certain assumptions, the total cost to the State for the program just on unpreserved farmland could be about $22.5 million. According to a 2019 United States Department of Agriculture report, fifty-one percent of all farms had less than $10,000 in sales. Thus, in calculating the following estimate, the OLS made a few simplifying assumptions: 1) 49 percent or 1,127 unpreserved farmlands in the State request a grant; 2) each grant is for the maximum amount of $20,000 allowed under the deer fencing matching grant program; 3) each applicant meets the minimum requirement of $10,000 in gross sales in the preceding calendar year from agricultural or horticultural products; and 4) each applicant retains the land in agricultural or horticultural production for eight years following receipt of the grant. Under these assumptions, the cost to provide matching grants would be $22.5 million. However, this amount does not include certain eligible farms in the Pinelands and Highlands regions so the actual cost of the grant program could be higher. On the other hand, the total cost of the program would be reduced if not all eligible farmers apply for the grant or meet the required applicant criteria.

The NJDA may undertake additional duties in order to adopt rules and regulations to implement the grant program. The OLS determines that these can be subsumed within the existing duties of the department.

Section:	*Environment, Agriculture, Energy and Natural Resources*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).