

# ASSEMBLY, No. 286

## STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

**Assemblyman BRANDON UMBA**

**District 8 (Atlantic, Burlington and Camden)**

**Assemblywoman CLAIRE S. SWIFT**

**District 2 (Atlantic)**

**Co-Sponsored by:**

**Assemblywoman Sawyer**

**SYNOPSIS**

Provides corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 3/7/2022)**

1 AN ACT providing credits against the corporation business tax and  
2 the gross income tax to persons leasing agricultural land to  
3 beginning farmers and supplementing P.L.1945,  
4 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey  
5 Statutes.

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

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

19 b. Any agricultural assets transfer agreement for which a credit  
20 is claimed pursuant to subsection a. of this section shall:

21 (1) be in writing;

22 (2) provide for the lease of agricultural land located in this  
23 State, including any agricultural improvements, and may provide  
24 for the rental of agricultural equipment;

25 (3) include a lease made on a cash basis, or on a commodity  
26 share basis which includes a share of the crops or livestock  
27 produced on the agricultural land, or both;

28 (4) be for a term of at least two years, but not more than five  
29 years, which may be renewed by the qualified beginning farmer for  
30 a term of at least two years, but not more than five years;

31 (5) not include a lease or the rental of equipment intended as a  
32 security; and

33 (6) not be assigned, and the land subject to the agreement shall  
34 not be subleased.

35 c. (1) For an agreement that includes a lease on a cash basis,  
36 the tax credit shall be calculated as follows:

37 (a) 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 taxpayer under the agreement for the first privilege  
40 period that the tax credit is allowed, and seven percent of the gross  
41 amount paid to the taxpayer for each subsequent privilege period  
42 that the tax credit is allowed. However, a taxpayer may only claim  
43 seven percent of the gross amount paid to the taxpayer under a  
44 renewed agreement or a new agreement executed by the same  
45 parties; or

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

1 amount paid to the taxpayer under the agreement for each privilege  
2 period that the tax credit is allowed.

3 (2) For an agreement that includes a lease on a commodity share  
4 basis, the tax credit shall be calculated as follows:

5 (a) If the qualified beginning farmer is a veteran, the taxpayer  
6 may claim a tax credit equal to 18 percent of the amount paid to the  
7 taxpayer from crops or animals sold under the agreement for the  
8 first privilege period the taxpayer is allowed the tax credit, and 17  
9 percent of the amount paid to the taxpayer for each subsequent  
10 privilege period that the taxpayer is allowed the tax credit. The  
11 taxpayer may only claim 17 percent of the amount paid to the  
12 taxpayer from crops or animals sold for any privilege period under a  
13 renewed agreement or a new agreement executed by the same  
14 parties; or

15 (b) If the qualified beginning farmer is not a veteran, the  
16 taxpayer may claim a tax credit equal to 17 percent of the amount  
17 paid to the taxpayer from the crops or animals sold under the  
18 agreement for each privilege period that the tax credit is allowed.

19 d. (1) To qualify for the tax credit allowed pursuant to this  
20 section, a taxpayer shall apply for a certification from the secretary  
21 that certifies: (a) that the agricultural assets transfer agreement  
22 meets the requirements of this section; and (b) the amount of the tax  
23 credit calculated pursuant to subsection c. of this section. The  
24 application shall include a copy of the agricultural assets transfer  
25 agreement, and any other information as determined relevant by the  
26 department. Upon certification, the secretary shall submit a copy  
27 thereof to the taxpayer and the director. The department may  
28 approve an application and issue a certification to a taxpayer that  
29 has previously been allowed a tax credit under this section. When  
30 filing a tax return that includes a claim for a credit pursuant to this  
31 section, the taxpayer shall include a copy of the certification issued  
32 by the secretary.

33 (2) The department shall not approve an application or issue a  
34 certification to a taxpayer for a tax credit in excess of \$50,000. The  
35 department also shall not approve an application or issue a  
36 certification to a taxpayer if any of the following applies:

37 (a) the taxpayer is at fault for terminating a prior agricultural  
38 assets transfer agreement as determined by the department;

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

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

1 (d) the agricultural assets are being leased or rented at a rate  
2 which is substantially higher or lower than the market rate for  
3 similar agricultural assets leased or rented within the same  
4 community, as determined by the department.

5 e. A taxpayer or the qualified beginning farmer may terminate  
6 an agricultural assets transfer agreement as provided in the  
7 agreement or by law. The taxpayer must notify the department of  
8 the termination within 30 days after the termination.

9 (1) If the department determines that the taxpayer is not at fault  
10 for the termination, the department shall not issue a certification to  
11 the taxpayer for a subsequent privilege period based on the  
12 approved application. Any prior tax credit is allowed as provided in  
13 this section. The taxpayer may apply for and be issued another  
14 certification for the same agricultural assets as provided in this  
15 section for any remaining privilege periods for which a certificate  
16 was not issued.

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

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

36 g. The amount of tax credits that may be issued pursuant to this  
37 section and section 2 of P.L. , c. (C. ) (pending before the  
38 Legislature as this bill) shall not in the aggregate exceed \$8 million  
39 in any year. The department shall issue certifications for the tax  
40 credit pursuant to this section and section 2 of P.L. , c. (C. )  
41 (pending before the Legislature as this bill) on a first-come, first-  
42 serve basis.

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

47 i. On or before January 31 of each year, the secretary shall  
48 submit a report to the Governor, the State Treasurer, and, pursuant

1 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on  
2 the effectiveness of the tax credit in making agricultural lands and  
3 assets available to beginning farmers in the State, and keeping  
4 agricultural lands in production.

5 j. As used in this section:

6 “Agricultural asset” means agricultural land, depreciable  
7 agricultural property, crops, or livestock.

8 “Agricultural assets transfer agreement” or “agreement” means  
9 any agreement that meets the requirements of subsection b. of this  
10 section.

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

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

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

17 “Department” means the Department of Agriculture.

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

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

30 “Production item” means tools, machinery, or equipment  
31 principally used to produce crops or livestock.

32 “Qualified beginning farmer” means a beginning farmer that:

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

41 “Secretary” means the Secretary of Agriculture.

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

45

46 2. a. For taxable years beginning on or after January 1 next  
47 following the effective date of P.L. , c. (C. ) (pending  
48 before the Legislature as this bill), a taxpayer that executes an

1 agricultural assets transfer agreement with a qualified beginning  
2 farmer as provided in subsection b. of this section, and that meets  
3 the requirements of this section and the rules and regulations  
4 adopted pursuant thereto, shall be allowed a credit against the New  
5 Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq., in an  
6 amount as provided in subsection c. of this section.

7 b. Any agricultural assets transfer agreement for which a credit  
8 is claimed pursuant to subsection a. of this section shall:

9 (1) be in writing;

10 (2) provide for the lease of agricultural land located in this  
11 State, including any agricultural improvements, and may provide  
12 for the rental of agricultural equipment;

13 (3) include a lease made on a cash basis, or on a commodity  
14 share basis which includes a share of the crops or livestock  
15 produced on the agricultural land, or both;

16 (4) be for a term of at least two years, but not more than five  
17 years, which may be renewed by the qualified beginning farmer for  
18 a term of at least two years, but not more than five years;

19 (5) not include a lease or the rental of equipment intended as a  
20 security; and

21 (6) not be assigned, and the land subject to the agreement shall  
22 not be subleased.

23 c. (1) For an agreement that includes a lease on a cash basis,  
24 the tax credit shall be calculated as follows:

25 (a) If the qualified beginning farmer is a veteran, the taxpayer  
26 may claim a tax credit equal to eight percent of the gross amount  
27 paid to the taxpayer under the agreement for the first taxable year  
28 that the tax credit is allowed, and seven percent of the gross amount  
29 paid to the taxpayer for each subsequent taxable year that the tax  
30 credit is allowed. However, a taxpayer may only claim seven  
31 percent of the gross amount paid to the taxpayer under a renewed  
32 agreement or a new agreement executed by the same parties; or

33 (b) If the qualified beginning farmer is not a veteran, the  
34 taxpayer may claim a tax credit equal to seven percent of the gross  
35 amount paid to the taxpayer under the agreement for each taxable  
36 year that the tax credit is allowed.

37 (2) For an agreement that includes a lease on a commodity share  
38 basis, the tax credit shall be calculated as follows:

39 (a) If the qualified beginning farmer is a veteran, the taxpayer  
40 may claim a tax credit equal to 18 percent of the amount paid to the  
41 taxpayer from crops or animals sold under the agreement for the  
42 first taxable year the taxpayer is allowed the tax credit, and 17  
43 percent of the amount paid to the taxpayer for each subsequent  
44 taxable year that the taxpayer is allowed the tax credit. The  
45 taxpayer may only claim 17 percent of the amount paid to the  
46 taxpayer from crops or animals sold for any taxable year under a  
47 renewed agreement or a new agreement executed by the same  
48 parties; or

1 (b) If the qualified beginning farmer is not a veteran, the  
2 taxpayer may claim a tax credit equal to 17 percent of the amount  
3 paid to the taxpayer from the crops or animals sold under the  
4 agreement for each taxable year that the tax credit is allowed.

5 d. (1) To qualify for the tax credit allowed pursuant to this  
6 section, a taxpayer shall apply for a certification from the secretary  
7 that certifies: (a) that the agricultural assets transfer agreement  
8 meets the requirements of this section; and (b) the amount of the tax  
9 credit calculated pursuant to subsection c. of this section. The  
10 application shall include a copy of the agricultural assets transfer  
11 agreement, and any other information as determined relevant by the  
12 department. Upon certification, the secretary shall submit a copy  
13 thereof to the taxpayer and the director. The department may  
14 approve an application and issue a certification to a taxpayer that  
15 has previously been allowed a tax credit under this section. When  
16 filing a tax return that includes a claim for a credit pursuant to this  
17 section, the taxpayer shall include a copy of the certification issued  
18 by the secretary.

19 (2) The department shall not approve an application or issue a  
20 certification to a taxpayer for a tax credit in excess of \$50,000. The  
21 department also shall not approve an application or issue a  
22 certification to a taxpayer if any of the following applies:

23 (a) the taxpayer is at fault for terminating a prior agricultural  
24 assets transfer agreement as determined by the department;

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

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

34 (d) the agricultural assets are being leased or rented at a rate  
35 which is substantially higher or lower than the market rate for  
36 similar agricultural assets leased or rented within the same  
37 community, as determined by the department.

38 e. A taxpayer or the qualified beginning farmer may terminate  
39 an agricultural assets transfer agreement as provided in the  
40 agreement or by law. The taxpayer must notify the department of  
41 the termination within 30 days after the termination.

42 (1) If the department determines that the taxpayer is not at fault  
43 for the termination, the department shall not issue a certification to  
44 the taxpayer for a subsequent taxable year based on the approved  
45 application. Any prior tax credit is allowed as provided in this  
46 section. The taxpayer may apply for and be issued another  
47 certification for the same agricultural assets as provided in this

1 section for any remaining taxable years for which a certificate was  
2 not issued.

3 (2) If the department determines that the taxpayer is at fault for  
4 the termination, any prior tax credit allowed under this section is  
5 disallowed. The amount of the tax credit shall be immediately due  
6 and payable as a tax liability to the Division of Taxation. If a  
7 taxpayer does not notify the department of the termination within  
8 30 days after the termination, the taxpayer shall be conclusively  
9 deemed at fault for the termination.

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

20 g. A business entity that is classified as a partnership for  
21 federal income tax purposes shall not be allowed the credit directly  
22 under N.J.S.54A:1-1 et seq., but the amount of credit of the  
23 taxpayer in respect of a distributive share of partnership income  
24 shall be determined by allocating to the taxpayer that proportion of  
25 the credit acquired by the partnership that is equal to the taxpayer's  
26 share, whether or not distributed, of the total distributive income or  
27 gain of the partnership for its taxable year ending within or with the  
28 taxpayer's taxable year.

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

38 h. The amount of tax credits that may be issued pursuant to this  
39 section and section 1 of P.L. , c. (C. ) (pending before the  
40 Legislature as this bill) shall not in the aggregate exceed \$8 million  
41 in any year. The department shall issue certifications for the tax  
42 credit pursuant to this section and section 1 of P.L. , c. (C. )  
43 (pending before the Legislature as this bill) on a first-come, first-  
44 serve basis.

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



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

7 k. As used in this section:

8 "Agricultural asset" means agricultural land, depreciable  
9 agricultural property, crops, or livestock.

10 "Agricultural assets transfer agreement" or "agreement" means  
11 any agreement that meets the requirements of subsection b. of this  
12 section.

13 "Agricultural improvement" means any improvement, building,  
14 structure, or fixture suitable for use in farming which is located on  
15 agricultural land.

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 "Department" means the Department of Agriculture.

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

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

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

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

35 (1) is a resident of the State;

36 (2) has sufficient education, training, or experience in farming;

37 (3) has access to adequate working capital and production items;

38 (4) will materially and substantially participate in farming; and

39 (5) is not responsible for managing or maintaining agricultural  
40 land and other agricultural assets that are greater than necessary to  
41 adequately support a beginning farmer as determined by the  
42 department pursuant to rules and regulations.

43 "Secretary" means the Secretary of Agriculture.

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

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48 3. This act shall take effect immediately.

STATEMENT

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This bill would provide corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

Specifically, for privilege periods and taxable years beginning on or after January 1, 2017, a taxpayer that executes an agricultural assets transfer agreement with a qualified beginning farmer, and that meets the requirements of the bill and the regulations adopted by the Department of Agriculture (“department”), would be entitled to a tax credit as described below.

Any agricultural assets transfer agreement for which a tax credit is claimed under the bill must: (1) be in writing; (2) provide for the lease of agricultural land located in this State, including any agricultural improvements, and may provide for the rental of agricultural equipment; (3) include a lease made on a cash basis, or on a commodity share basis which includes a share of the crops or livestock produced on the agricultural land, or both; (4) be for a term of at least two years, but not more than five years, which may be renewed by the qualified beginning farmer for a term of at least two years, but not more than five years; (5) not include a lease or the rental of equipment intended as a security; and (6) not be assigned, and the land subject to the agreement could not be subleased.

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

The amount of the tax credit issued would depend on whether the lease is made on a cash basis or a commodity share basis, and whether or not the qualified beginning farmer is a veteran. For an agreement that includes a lease on a cash basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to eight percent of the gross amount paid to the taxpayer under the agreement for the first privilege period or taxable year, and seven percent for each subsequent privilege period or taxable year. If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seven percent of the gross amount paid to the taxpayer for each privilege period or taxable year. For an agreement that includes a lease on a commodity share basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to 18 percent of the amount paid to the

1 taxpayer from crops or animals sold under the agreement for the  
2 first privilege period or taxable year, and 17 percent for each  
3 subsequent privilege period or taxable year. If the qualified  
4 beginning farmer is not a veteran, the taxpayer may claim a credit  
5 equal to 17 percent of the amount paid to the taxpayer from the  
6 crops or animals sold under the agreement for each privilege period  
7 or taxable year.

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

26 The tax credit could not reduce a taxpayer's tax liability for any  
27 privilege period or taxable year to an amount less than zero. Any  
28 credit would be valid in the privilege period or taxable year in  
29 which the certification is approved and any unused portion could be  
30 carried forward into the next 10 privilege periods or taxable years,  
31 or until depleted, whichever is earlier. Also, the combined amount  
32 of tax credits that may be issued under the bill could not in the  
33 aggregate exceed \$8 million in any year. The department would  
34 issue certifications for the tax credit on a first-come, first-serve  
35 basis.

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

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

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