Farmland Evaluation Committee
Meeting Minutes
Wednesday, August 9, 2023
10:00 AM
Phillip Alampi Beneficial Insect Laboratory
New Jersey Department of Agriculture
20 Cosey Road, Ewing, New Jersey 08628

The Farmland Evaluation Committee (FEC) annually determines and publishes a range of values for each of the several classifications of land in agricultural or horticultural use as per the Farmland Assessment Act of 1964. In addition, the FEC establishes values for income imputed to land used for grazing.

Joe Atchison, New Jersey Assistant Secretary of Agriculture, called the Committee to order at 10:06 AM. Members present were Brian Schilling, Director of Rutgers Cooperative Extension representing Executive Dean Laura Lawson, School of Environmental and Biological Sciences, Rutgers University; Shelly Reilly, Assistant Director, New Jersey Division of Taxation, representing Mr. John Ficara, Acting Director, New Jersey Division of Taxation; and Kathleen Hill, Assessor Member; Ann Dorsett, Farmer Member, Past State Board of Agriculture Member. Additionally in attendance were Bruce Eklund, State Statistician, New Jersey Agricultural Statistics Service, USDA; Justin Zappan, Administrative Analyst 2, New Jersey Department of Agriculture – Division of Agriculture and Natural Resources; Dr. Paul D. Gottlieb, Associate Professor Rutgers University, Department of Agricultural, Food, and Resource Economics, Kevin Sullivan Assistant Director of Statistical Analysis, NJAES Office of Research Analysis, Kevin Boyle, Counsel to Property Administration, Division of Taxation, Frank Minch, Division Director, New Jersey Department of Agriculture, Division of Agriculture and Natural Resources, Sara Mellor, Agriculture Resource Specialist, Department of Agriculture, Division of Agriculture and Natural Resources; Rebecca French-Mesch, Department of Agriculture, Division of Agriculture and Natural Resources; Diana Diaz, Soil Erosion and Sediment Control Specialist Department of Agriculture, Division of Agriculture and Natural Resources. The following notice was read: *In compliance with the Open Public Meetings Act, as per N.J.S.A. 13:1B-30 et. seq., notification of the time, date, location, and agenda of this meeting was sent to NJ Advance Media News Outlets (Times & Star Ledger) & the Courier Post on August 4, 2023. Notification was posted on the Hot Topics Section of the New Jersey Department of Agriculture website on August 4, 2023, and mailed to the Office of State on August 4, 2023. This meeting will be recorded.*

On a motion by Brian Schilling, seconded by Kathleen Hill and carried, the minutes of August 17, 2022, meeting were approved with a correction of Kevin Boyle’s title to be updated, agreed on.

There were no members of the public present at this meeting, therefore no public comments were made.

The agenda noted to review the minimum gross sales, payments, fees, and imputed income requirements and the same anticipated revenues. The committee and others in attendance noted that the minimum eligibility criteria for farmland assessment was agreed on in 2022 to not change in the upcoming tax year and is only reviewed every three years. Therefore, it will be placed back on the agenda for review in 2025.

Kevin Sulllivan and Paul Gottlieb collected the available data that has been updated for the past year. Cash receipts were up 8% (2021 USDA ERS - Farm and Commonwealth Statistics) production expenses down 5% therefore net farm income was up 20%. Ten year moving average was up 5%. Given this information we add guardrails on how the values change, which amount to 3.5% change up or down to prevent rapid fluctuation from year to year. Farmland assessment acreage data worked with was 2020 data equaled a 1% decrease in farmland assessed acreage.

Looking at considered impacts year to year. Keeping an eye on hemp (few dozen farms), BPU dual solar use solar on farms, and climate change to see if it has an impact on agriculture land in New Jersey.

Capitalization formula net farm income projecting it out in perpetuity 30 years out then bring it back to net present value and that is what an investor would be willing to pay for an income producing asset, equals the productivity value of the farmland by county based on soil classes based on assumptions made years prior by soil scientist. New productivity values are held to the 3.5% change. Bruce Eklund ascribes data census aberration to noted increase in farmland acreage in Bergen and Monmouth Counties

Paul explained estimating per acre grazing revenues by cost plus profit (profit is revenue minus cost) by national agriculture input index. Last year concerned about 14.5% increase in national agriculture input prices and can pasture owners really pass their costs onto their costumers? This method assumes the increased cost can be passed on. Good news methodology is on target. 2023 national agriculture input index increase was 0.9% much different than 14.5%. Our benchmark grazing pasture maintenance cost was $173 and goes to $175 for 2024.

Brian Schilling brought up that with these increases in imputed grazing values nearing $200 per acre that the $1000 income requirement for farmland assessment is impending to be meet purely with imputed grazing alone. Kathleen Hill agreed and stated in with Cumberland and Salem the requirement could be net with 5.2-5.3 acres. It was agreed it should be something to keep an eye on.

Kathleen Hill indicated she uses a calculation form that indicates recommend animal units there should be per acre to help verify the stock rate of animals meets the standard grazing and prevent over grazing. The form indicated the following recommendations per acre: 1-2 large animals steer/equine, 5 sheep/goats, 2-3 pigs, 20 bird units emu/chicken. Great tool and guide. Kathleen requested if Taxation could provide it to all assessors.

Rutgers has a guide Kevin Boyle has shared with assessors that provides a breakdown to protect animal welfare.

On a motion by Shelly Reilly, seconded by Brian Shilling, and approved, the productivity values presented for Tax Year 2024 were adopted.

On a motion by Kathleen Hill, seconded by Shelly Reilly, and approved, the imputed grazing values presented for Tax Year 2024 were adopted.

On a motion by Kathleen Hill, seconded by Shelly Reilly, with Brian Schilling recusing himself from the vote and carried, the invoice from Rutgers Cooperative Extension to the Division of Taxation in the amount of $10,000 and the invoice to the New Jersey Department of Agriculture in the amount of $5,000 for preparation of values for tax year 2024 are to be paid.

Frank Minch proposed to continue with consulting Rutgers Cooperative Extension to develop farmland assessment productivity values and the imputed grazing values for tax year 2025. Consensus of the committee was to stick with using Rutgers Cooperative Extension to develop farmland assessment values. Brian Schilling stated he was pleased to continue working together.

Bruce Eklund shared we should have the census of agriculture results in February hope to new insight on NJ commodities. Mr. Eklund stated we should update the crops asked for on the FA-1 form to include kale, along with others seen in the national census. Kevin Boyle asked Bruce Eklund to submit a proposed change for the items listed on the FA-1 form questionnaire and they will amend the paper version. Online FA-1 submission is taking longer than anticipated, yet still in the works.

Bruce Eklund acknowledged appreciation to Frank Minch for providing Justin Zappan with additional assistance, Rebecca French-Mesch and Diana Diaz, to input FA-1 forms. Justin Zappan compiled the Farmland Assessment summaries, along with the special reports for the Highlands and Pinelands. This year Mr. Zappan created a new program to create reports based on the legislative districts. Mr. Eklund shared he feels we really need to move forward getting the FA-1 form pivoted to online reporting.

Shelly Reilly is working with Kevin Boyle to get approvals to move the online reporting to proceed. They have discussed the request with their Office of Information Technology yet need to determine the budgetary need that would be required. The online filing would be a gradual transition, possibly 10 years that would allow the option to submit either online or paper FA-1 forms. Some in Cumberland do not have broadband access.

The committee agreed on setting the date for the next annual FEC meeting for the second Wednesday of August 2024, which would be August 14, 2024.

On a motion by Ann Dorsett and carried, the meeting was adjourned at 10:47 AM.