Farmland Evaluation Committee
Annual Meeting Minutes
Wednesday, August 13, 2025, 10:00 AM
New Jersey Department of Agriculture
First Floor Boardroom
200 Riverview Plaza, Trenton, New Jersey 08625
&
The Teams meeting details
Meeting ID: 257 696 411 614 3 /Passcode: pQ6Jp6Wn
Audio (audio only): 1 (856) 338-7074/Conference ID: 730 909 289#

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.

The annual meeting of the Farmland Evaluation Committee was called to order by Edward Wengryn, New Jersey Secretary of Agriculture, at 10:05 AM. Frank Minch stated the Open Public Meetings Act Requirements have been met. In compliance with the Open Public Meetings Act, as per N.J.S.A. 10:4-6 et. seq., notification of the time, date, location, and agenda of this meeting was sent to NJ Advance Media News Outlets on August 6, 2025. Notification was posted on the Special Announcements Section of the New Jersey Department of Agriculture website on August 6, 2025, and mailed to the Office of State on August 6, 2025. This meeting will be recorded.

The Flag Salute was recited.
Call of the membership roll indicated the following:

FEC Members Present
Edward Wengryn, Secretary, NJ Department of Agriculture
Brian Schilling, Director of Rutgers Cooperative Extension
Shelly Reilly, Assistant Director, New Jersey Division of Taxation
Kathleen Hill, Tax Assessor Member
Ann Dorsett, Farmer Member, Past State Board of Agriculture Member

Additionally in attendance
Division of Taxation
- Kevin Boyle, Counsel to Property Administration

NJ Agricultural Statistics Service, USDA
- Bruce Eklund, State Statistician

Rutgers University, Department of Agricultural, Food, and Resource Economics
- Dr. Paul D. Gottlieb, Associate Professor

NJAES Office of Research Analysis
- Kevin Sullivan, Assistant Director of Statistical Analysis

NJ Department of Agriculture – Division of Agriculture and Natural Resources
- Frank Minch, Division Director
- Sara Mellor, Agriculture Resource Specialist
- Justin Zappan, Administrative Analyst 2
- Diana Diaz, Administrative Analyst 1

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NJ Department of Agriculture, Office of the Secretary
- Robert Vivian, Legislative Liaison

NJ Office of the Governor
- Jade Bechelli, Policy Advisor

Public attendees present in person included Mr. and Mrs. Jack Curtis, Jeffery Burd, Liz Thompson, Richard B. Kelsky, Seowoo Lee
Virtual attendees consisted of Cali A., David Kientzler, Elmer Platz, Fred Backer, Glen Van Olden, Michael Hart, Sandra Howland, Diane Kottas, Marita Sciarrota and 609-636-2850.

Minutes of the August 12, 2024, Meeting
On a motion by motion by Brian Schilling, second by Kathleen Hill and carried, the minutes of August 12, 2024, meeting were approved.

Public Comment (three minutes each, begin with those in the room, then those online)

Richard Kelsky, Vice President of the NJ Forestry Association

Key Points:
- New Jersey is 40% forested, with nearly 1 million acres privately owned.
- Farmland assessment for woodlands is a critical conservation tool, protecting nearly 400,000 acres.
- Raising revenue thresholds would:
  - Force unnecessary timber harvesting.
  - Disqualify smaller woodland owners.
  - Undermine conservation goals and increase development pressure.
- Expressed concern over the online portal, citing:
  - The average woodland owner is over 65, with many over 75.
  - Many live in areas with poor internet access.
  - Urged the committee to maintain a paper filing option.
- Strongly opposed the creation of a publicly searchable database of submitted data, citing privacy risks.

Jack Curtis – Mendham Township Resident

Key Points: Criticism of the farmland assessment program as a tax loophole.
- Claimed the program is widely abused by wealthy landowners who do not engage in legitimate farming.
- Cited examples from Mendham Township, where the number of farmland-assessed properties increased from 20 in 1964 to 158 in 2025.
- Shared personal research he completed of properties with minimal agricultural activity (e.g., a card table with jars of honey) receiving massive tax breaks.
- Proposed a means-tested formula: tax break should be proportional to the percentage of income derived from farming.
- Criticized the lack of receipts or verification in the current system.
- Named high-profile individuals (e.g., Woody Johnson, Donald Trump) as examples of alleged misuse.
- Called for legislative reform and stronger enforcement by tax assessors.

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Jeffrey Burd – Mercer County Board of Agriculture & Tax Assessor (Hunterdon County)

Key Points: Defense of the farmland assessment program and rebuttal to Mr. Curtis.

- Warned against generalizing from affluent areas like Mendham Township to the entire state.
- Emphasized that local tax assessors are responsible for verifying eligibility and conducting annual reviews of 20% of properties.
- Noted that legitimate farming does not require barns, tractors, or livestock—many small-scale and specialty operations are valid.
- Argued that Curtis's proposal would unfairly penalize legitimate farmers, especially in rural counties like Cumberland, Salem, and Sussex.
- Highlighted the diversity of New Jersey agriculture and the importance of maintaining flexibility in the program.

Presentation of Recommendations for 2025 Productivity Values and Imputed Grazing Values

Kevin Sullivan

The productivity value of farmland is treated as a capital asset, calculated using the present value of future revenue streams.

The process involves:

1. State-level data analysis (cash receipts and expenses).
2. County-level allocation based on:
    - Agricultural census data (market value of products sold).
    - Farmland assessment acreage.
    - Land classification (e.g., cropland, pasture, woodland).

State-Level Economic Data (2023)

- Cash Receipts: $1.6 billion (↓ 3.4% from 2022).
- Production Expenses: $1.5 billion (↑ 5.6% from 2022).
- Net Farm Income: $500 million (↓ 39% from 2022).

The gap between receipts and expenses has narrowed significantly, indicating profit margin compression.

Adjusted Farm Income

- Adjustments made to exclude:
    - Poultry receipts and expenses.
    - Nursery and greenhouse operations (not soil-based).
- Resulting in an adjusted net farm income, which also declined by 39%.

Smoothing Volatility: 10-Year Moving Average

- A 10-year moving average is used to stabilize year-to-year fluctuations.
- Guardrails of ±3.5% are applied to prevent extreme swings.
- This method helps ensure stable tax assessments and avoids distortions from short-term anomalies (e.g., COVID-related subsidies).

County-Level Allocation

- Based on:
    - 2022 Agricultural Census (used for the second year).
    - 2021 Farmland Assessment Acreage (latest available).
- No changes in allocation this year due to unchanged underlying data.

External Factors Considered (but not yet modeled)

- Labor shortages (especially due to immigration enforcement).
- International trade volatility (tariffs, retaliatory measures).
- Land use changes:
    - Warehouse development (negative impact).

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    - Solar dual-use programs (potentially positive).
- Climate change: Not yet reflected in data trends.

Imputed Grazing Values (2026)

- Based on USDA Producer Price Index (PPI) for farm expenses.
- PPI increased by 6.4%, indicating rising pasture maintenance costs.
- Imputed grazing value for 2026 set at $185/acre.

Final Recommendations

- Productivity Values:
    - Applied a 3.5% increase across the board, based on the 10-year moving average.
    - Some minor decreases occurred due to rounding.
- Grazing Values:
    - Adjusted in line with PPI to reflect increased maintenance costs.

Action to Adopt 2025 Productivity Values

Kathleen Hill motioned to accept the proposed productivity values Ann Dorsett second, remaining committee members followed with aye.

Action to Adopt 2025 Imputed Grazing Values

Chairman Wengryn requested a motion to approve the proposed 2025 imputed grazing values, motioned by Shelly Reilly, second by Kathleen Hill, remaining committee members followed with aye.

Income Threshold Adjustment Review

Brian Schilling

Background & Purpose

- The income threshold review is required every three years.
- The last adjustment occurred in **2013**, raising the threshold to **$1,000**, effective in 2014.
- The FEC was tasked with evaluating whether the threshold should be updated to reflect inflation and economic conditions.

Economic Context

- New Jersey farmland is among the most expensive in the U.S., averaging $16,600/acre in 2025.
- This is more than double the Northeast average and nearly 4x the national average.
- Since the inception of farmland assessment in 1964:
    - Net farm income has increased 16-fold.
    - Land values have increased 26-fold, creating an affordability gap.
- New Jersey farms face:
    - High production costs (4x national average).
    - High property taxes (9x national average).
    - High labor costs (13x national average).

Income Threshold Analysis

- The team used USDA Economic Research Service (ERS) data to analyze agricultural cash receipts from 2014 to 2023.
- Based on a 4% compound annual growth rate, the $1,000 threshold in 2014 would equate to:
    - $1,624 in 2025.
    - $1,827 in 2028 (when a new threshold would take effect if adopted in 2025).
- The proposed new threshold: $1,900, accounting for projected inflation through 2029.

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Policy Considerations

- The income threshold applies to gross cash receipts from agricultural activity.
- The non-appurtenant woodland threshold remains at $500 and was not part of this review.
- The threshold increase would be phased in:
    - Income is averaged over two years.
    - For example, in 2028, the average of 2027 ($1,000) and 2028 ($1,900) would be used.

Impact Simulations

- Rutgers previously modeled impacts of threshold changes in 1990s and 2008.
- A $2,500 threshold (used for comparison) would have affected:
    - 50% of impacted land: non-appurtenant woodland.
    - 25%: cropland.
    - 22%: pasture.
- Low-value crops (e.g., hay, soybeans, corn) and pasture-based livestock operations are most vulnerable.
- Small parcels (under 10 acres) and leased land are at higher risk of disqualification.

Farm Demographics & Structure

- NJ has ~10,000 farms; ~2,900 operate on <10 acres.
- Over 40% of farms generate < $2,500 in annual revenue.
- Many are subsistence farms or beginning farmers.
- Leased land accounts for ~1/3 of farmland; large farms often lease 40–50% of their acreage.

Concerns Raised

- Equity: Many legitimate farms may not meet the new threshold due to crop type, parcel size, or market fluctuations.
- Volatility: Commodity prices and trade policies (e.g., tariffs) could cause farms to fall below the threshold in bad years.
- Labor shortages and immigration policy could further impact farm income.
- Means testing (e.g., tying eligibility to % of income from farming) was discussed but not recommended due to complexity and fairness concerns.

Recommendation & Action

- Recommended threshold: $1,900
    - Effective for tax year 2028 (or 2029, depending on regulatory adoption timeline).
    - Non-appurtenant woodland threshold remains at $500.
- The committee acknowledged the need for:
    - Public education and transition planning.
    - Continued monitoring of economic conditions.
    - Potential future review of additional acreage thresholds and mixed-use parcels.

<u>Action to Adopt Recommended Income Threshold Adjustment</u>

Ann Dorsett motioned to accept the recommended income threshold increase, Shelly Reilly second, remaining committee members followed with aye.

<u>Presentation of the Farmland Assessment Online Portal</u>

Kevin Sullivan and Shelly Reilly

Purpose & Benefits

- The portal is designed to digitize and streamline the farmland assessment application process.
- It will consolidate multiple forms (e.g., FA-1, Gross Sales, WD-1) into a single digital submission.
- Benefits include:
    - Reduced manual data entry for both applicants and staff.

- Faster data analysis and processing.
- Simplified experience for farmers with multiple parcels in the same municipality.

Key Features Demonstrated

- User Login: Requires a "My New Jersey" account.
- Parcel Lookup: Auto-populates block and lot data from tax assessor records.
- Form Integration: Combines FA-1, GS, and WD-1 into one digital workflow.
- Crop & Livestock Entry: Users can enter acreage, crop type, irrigation, and income.
- Woodland Management: Includes fields for plan expiration, forestry practices, and activity maps.
- Document Uploads: Users can upload receipts, plans, and maps directly.
- Review & Submission: Final review screen summarizes all entries before submission to the local assessor and DEP (for woodland plans).

Technical Notes

- The system is still in alpha testing; many features are placeholders or under development.
- Auto-fill for future years is planned but not yet implemented.
- Assessor Access: Local tax assessors will have access to submitted applications for review.
- Security: Applications are tied to user accounts and traceable via IP address.

Next Steps

- Continue development with:
  - Improved user guidance (tooltips, videos, documentation).
  - Expanded testing and feedback collection.
  - Integration with assessor systems and DEP.

Action for Payment of Department of Agricultural, Food and Resource Economics, Rutgers University Invoices

Brian Schilling recused himself, Ann Dorsett motioned, second by Shelly Reilly, remaining committee members followed with aye.

Discussion on Selection of Consultant to Develop Values for Tax Year 2026

Frank Minch

Mr. Minch recommended to continue to use Rutgers to develop values for tax year 2027. Chairman Wengryn requested a motion on the recommendation, motion by Kathleen Hill, second by Ann Dorsett, all committee members were in favor, with Brian Schilling recusing himself.

Discussion Farmland Assessment Summary Data

Bruce Eklund

- **Interconnectedness of Agencies:**
  Bruce emphasized the collaborative nature of farmland assessment work, highlighting the strong interdependence between:
  - USDA NASS
  - NJ Department of Agriculture
  - Department of the Treasury
- **Data Entry & Resources:**
  - Acknowledged the significant effort involved in manually keying in farmland assessment forms.
  - Praised the shared staffing and resources that make this possible.
- **Federal Statistical System Updates:**
  - Referenced a 2023 announcement that the Bureau of Labor Statistics (BLS) and Census Bureau are working on a multi-year project to modernize the

household survey.
    - Goal: Enable online response by 2027.
- **Ownership & Transition Survey:**
    - Mentioned the 10-year Ownership and Transition of Agricultural Land Survey, which has been completed and is being prepared for publication.
    - This data will support long-term planning and policy.
- **Concerns About USDA Reorganization:**
    - Expressed concern over potential elimination of state-level NASS presence due to USDA restructuring.
    - Warned that relocating statisticians to regional hubs would weaken local data quality and relationships.
    - Encouraged stakeholders to submit feedback to: **reorganization@usda.gov**

Closing Remarks

- Bruce reiterated the importance of local knowledge and relationships in maintaining high-quality agricultural data.
- He offered to assist anyone interested in submitting feedback to USDA regarding the proposed changes.
- Mr. Schilling with over 30 years of experience working with the USDA's National Agricultural Statistics Service (NASS) emphasized the critical importance of maintaining state-level NASS presence.
- He described NASS as the "gold standard" for agricultural data in the U.S.
- Expressed concern that moving statisticians to regional hubs (e.g., from Harrisburg to cover the Northeast) would weaken data quality and disconnect experts from local agricultural realities.
- Highlighted the importance of on-the-ground data collection and area frame surveys for maintaining accurate farmland assessment data.

Legislative and Policy Considerations

- Acknowledged that legislation is being considered to address gaps in the farmland assessment program.
- Noted that the FEC currently lacks authority to adjust certain elements, such as additional acreage income thresholds, without legislative clarification.

Recommendations for Improvement

- Suggested expanding committee membership to include forestry and forest land management experts.
- Emphasized the need for:
    - Clearer communication about the dual nature of some properties (e.g., million-dollar homes with farmland).
    - Updated agricultural production standards.
    - Stronger assessor training and enforcement, especially regarding the rejection of false or incomplete forms.

Next meeting, August 12, 2026

Meeting adjourned at 11:43 AM.

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