Farmland Evaluation Committee
Annual Meeting Minutes
Wednesday, August 14, 2024, 10:00 AM

New Jersey Department of Agriculture
First Floor Boardroom
200 Riverview Plaza, Trenton, New Jersey 08625
&
The Teams meeting details
Meeting ID: 226 732 917 840/Passcode: r3Cxyq
Audio (audio only): 1 (856) 338-7074/Conference ID: 172 502 775#

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 10:09 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, 2024. Notification was posted on the Hot Topics Section of the New Jersey Department of Agriculture website on August 6, 2024, and mailed to the Office of State on August 6, 2024. This meeting will be recorded.

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

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 were Bruce Eklund, State Statistician, NJ Agricultural Statistics Service, USDA; Justin Zappan, Administrative Analyst 2, NJ 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.
Public attendees present in person included Mr. and Mrs. Jack Curtis, Jeffery Burd, Al Murray, Peter Furey. The nine virtual attendees consisted of Sandra Howland, Glen Van Olden, Dave Drescher, Ben C., Jade Bechelli, Ashley Kerr, and three unverified phone numbers.

Minutes of the August 9, 2023, Meeting
On a motion by Brian Schilling, second by Ann Dorsett and carried, the minutes of August 9, 2023, meeting were approved.

Minutes of the June 10, 2024, Meeting
On a motion by Kathleen Hill, second by Ann Dorsett and carried, the minutes of June 10, 2024, meeting were approved.

Public Comment
Jack Curtis of Mendham, NJ presented to the committee by stating he attended the 6/10/2024 meeting and came again to present that the Farmland Assessment Act is outdated and needs brought into 2024. Mr. Curtis feels that some of the wealthiest NJ residents are using the Farmland Assessment Act as a tax scam causing other in the municipalities to cover the tax burden. He feels the intent the Farmland Assessment Act of 1964 to help farmers is not being followed.
One example shared was Donald Trump's Golf Course in Bedminster. 198 acres of the property is claimed as farmed on Trumps Farmland Assessment documents with eight goats, Mr. Curtis alleges Trump saves $278,000 in taxes through this, while the cost to join the golf club is $350,000 to join.
Mr. Curtis stated, "I don't think Trump falls into the category of an indigent poor farmer that needs help with his taxes. Mendham had 20 farms in 1964, today there are 155 farms claiming farmland assessment."

Mr. Curtis suggests doing means testing for farmland assessment. He met with Governor Murphy who agreed means testing would be fair. Mr. Curtis continued his argument that "Every other entitlement program in New Jersey, Medicaid, food stamps, whatever has an income ceiling."
Another idea Mr. Curtis proposed is adding a $200 filing fee when annually submitting the Farmland Assessment Forms. He claimed that the tax assessors are not inspecting farms as required every three years by N.J.A.C. 18:15 because there are too many properties to inspect and not enough tax assessors. The filing fee would raise $35,000 for Mendham. The next item mentioned by Mr. Curtis is the term devoted, which the Act states the land must be devoted to, he does not feel a property with a 10-million-dollar home that has a card table out front selling jars of honey meets the definition of devoted to farming. Two beehives on 12 acres does not mean it is devoted to farming. Make the tax break equal to the farm product sold. Use an inflation calculator to calculate the income threshold requirement for farmland assessment. Mr. Curtis used an online inflation calculator to determine $500 in 1964 would be equivalent to $5,000 in 2024. Tax transfer not a tax break. He feels he is paying more in his taxes to supplement the short fall from the wealthy getting a tax break. Application truthfulness on the FA-1 form, a $5,000 fine can be enforced if any information on the form is not accurate. Wealthy are scamming the tax break that is intended for real farmers. "Malcolm Forbes, the billionaire, his estate has 25 farmland assessed properties in Bedminster 25. If you're a billionaire, you really think the other people in town should have to pay your taxes?".
Mr. Curtis feels real farmers should get whatever they need to be helped, but he would like the FEC to suggest to the governor that the law really is outdated and really needs to be updated.

Jeff Burd, Mercer County Board of Ag. Feels the report Mr. Curtis's has shared with the FEC is full of holes. The report indicates 243 Pleasant Valley Road pays $295 in taxes, yet it leaves off that they pay $85,000 in taxes on the regular taxable property. The barn with the basketball court would fall under regular taxable property, 3A. The farm assessed land would be classified and taxed as 3B. Mr. Burd continues that what may be taking place in Mendham may not be taking place in other municipalities. Mr. Burd stated "there's a lot of farms throughout New Jersey and many are corporate owned, but they're being farmed. That's the purpose of agriculture and the purpose of the farmland assessment program is to keep land in agriculture and keep making ag production."

Review minimum gross sales, payments, fees, and imputed income requirements and the same anticipated revenues

Presentation of Recommendations for 2025 Productivity Values

Paul Gottlieb, Kevin Sullivan, and Brian Schilling

Data source used every year is from the Economic Research Service (USDA/ERS) data developed off the Agricultural Resource Management survey annual data, the latest available year is 2022.
Dr. Gottlieb collected data on cash receipts by commodity. Rutgers states commodity breakdowns are not done for purposes of evaluating farmland, but from 2021 to 2022, the latest available data shows farm receipts increased by about 5%. Consumer price index rose 6.5% in 2022. State level agriculture production expenses from 2021-2022 increased by 39%. This led to a profit squeeze, caused by the significant increase in input and the cost of farming in the year 2022, a positive gap between cash receipts and production expense. Net farm income went down 4%. More modest than expected. Data used to forecast farm profits/adjusted farm income in NJ = adjusted cash receipts minus adjusted production expenses. This data led to a +3.4% in the 10-year moving average of adjusted farm income. For county level data of enrolled agricultural acreage, census data is available every five years. 2022 data of market value of products sold was first available February 2024 and used to determine productivity value along with farmland assessed acreage from FA-1 forms tax year 2021. State level data used to estimate adjusted farm income, county level data used to allocate capitalized farm income to counties and divide the result by 927,000 acres reported by NJ NASS. Six counties experienced a $1-$2 fall in estimated land value, 11 counties saw an increase, three counties had no change.

Action to Adopt 2025 Productivity Values

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

Presentation of Recommendations Imputed Grazing Values

Paul Gottlieb & Kevin Sullivan

Pasturing livestock operations where revenues are not booked, an economic formula is used to determine imputed grazing values, pasture revenue = pasture maintenance cost + pasture profit. The national producer price index for agriculture went down 0.2%.

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 Ann Dorsett, remaining committee members followed with aye.

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

Brian Schilling recused himself, Shelly Reilly motioned, second by Kathleen Hill, 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 2026. 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
Mr. Eklund began by expressing gratitude for the hard work completed by Justin Zappan, Rebecca French- Mesch, and Diana Diaz of inputting the FA-1 data for the farmland summary. Three types of data used for the summary; NASS data farmers are asked information, ERS economist use NASS/census data to estimate for crops and forecast inflation, NJ Taxation provides Farmland assessment data. Bergen, Essex, Union data collected because urban ag began to be a priority in the last farm bill, The ability to find those farmers was only made possible through cooperation among supporting partner organizations including those present at the meeting today.

Review 2022 Census of Agriculture results to update the FA-1 form
Mr. Eklund proposed using 2022 Census of Agriculture harvested acres data to see what has changed to help updating the FA-1 form. Kevin Boyle requested Mr. Eklund to provide an updated list on what to include or remove from the FA-1 form. Mr. Eklund inquired about the status of pivoting to online platform for FA-1 reporting. Mr. Boyle stated Taxation had contacted the Office of Innovation to undertake creating the online FA-1 form reporting platform, yet they declined. Division of Taxation is continuing to seek a vendor to take it on. Mr. Eklund would like to see staff use their skill on other items than inputting FA-1 data. Kevin Boyle said he would send the draft FA-1 to the committee.

Busineess from the June 10, 2024 meeting
Chairman Wengryn acknowledged items still in the works include accuracy of FA-1 reporting by property owners and providing tax assessor adequate education to inspect properties. He stated it is disturbing to hear in public testimony an assessor can't do his job because he does not have the time to do it. Chairman Wengryn recognized that that is a flaw in our system and something to be looked at. Next item, Brian Schilling and Kevin Sullivan looked at minimum revenue threshold for farmland assessment proposed by Mr. Curtis. Mr. Boyle explained for a statutory change per the Farmland Assessment Act threshold should be examined every three years or deemed as circumstances arise. Mr. Schilling stated Mr. Curtis used an inflation calculator that suggested to increase to $5,005. Mr. Schilling had Kevin Sullivan investigated CPI inflators and came up with $4,700. Mr. Schilling provided the following information: the Statue was passed in 1964 and set the income revenue threshold at $500, FEC took statutory action in 2014 to move the threshold to $1,000. Inflating revenue requirement using a CPI calculator, 1964 to present = $4720, and 2014 to present = $1,236. The best index would be to use cash receipts from agriculture products. Looking at Economic Resource Service (ERS data series goes back to the 1960's) value of $500 worth of agriculture products based on 1964 is $2,857 today. If you look at inflation in cash receipts from 2014 to today would $1,380. Composition in crops between 1964 to present has changed to today. There are a lot of factors to consider. Based on 2014, $1,000 to present using a general consumer price index average across all US products $1236 in 2024. Looking at only agriculture commodities it would go from $1,000 in 2014 to $1380 in 2024.

Chairman Wengryn reflected on the affect COVID 19 had on the inflation trends; aquaculture lost sale outlets with people not dining out, produce moved to supermarkets only and other than direct marketing, nursery sector declined because people spent time at home planting plants. He would like to see how the trend goes moving forward since the data working with is from 2022. Kathleen Hill suggested to table it this year all committee members agreed to reevaluate it next year which would be the third year of the three-year cycle of the statue. Minimum income threshold would be based on next year data. Ann Dorsett made a motion to table changing the minimum income threshold, committee agreed.

Shelly Reilly shared the Division of Taxation, a team of two, has begun an audit process where they go to each county and meet with assessors to review applications and make sure all paperwork is there, completing about six a month, they are not doing inspections. The result is a report submitted to the assessor's supervisor reporting any deficiencies found. Site inspections will happen, and Chairman

Wengryn offered technical assistance staff from the NJDA to assist tax assessors. Division of Taxation will work on planning an in-person training for tax assessors.

Kathleen Hill suggests providing each tax assessor access to GIS mapping tools to help them to determine what farms need to be checked on.

Rutgers will project out the next 10-years of analogous gross sales to land value in a chart to provide the FEC by using 2014 threshold of $1,000 and moving forward data to aid in the 2025 decision on increasing the minimum income threshold requirement for farmland assessment.

Next meeting, August 13, 2025

Meeting adjourned at 11:53 AM.