

**Farmland Evaluation Committee
Meeting Minutes**

Wednesday, August 17, 2022

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.

Douglas Fisher, New Jersey 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. 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, and Sara Mellor, Agriculture Resource Specialist, Department of Agriculture – Division of Agriculture and Natural Resources. The following notice was read: *Notification of the time, date, location, and agenda of this meeting was emailed to the Courier Post, and legalads@njadvancemedia.com to be listed in the Star-Ledger and The Times of Trenton on August 11, 2022. Notification was posted on the bulletin boards in the New Jersey Department of Agriculture and emailed to the Office of State on August 11, 2022.*

On a motion by Brian Schilling, seconded by Shelly Reilly and carried, the minutes of August 12, 2021, meeting were approved with a correction discussed and agreed on.

There were no members of the public present at this meeting.

Kathleen Hill asked if column 6, imputed grazing value, of Table 1 of the County Values Per Acre by Land Classes, could be explained to assessors so they understand it better. Taxation states under the Table 1 heading in parentheses; column 6 shows the imputed grazing values per N.J.S.A. 54:4-23.5 and is used in determining qualifying income, not valuation. Kevin Boyle said in the last two trainings for assessors they included what column six means in comparison to the five other columns.

On a recommendation by Secretary Fisher, Brian Shilling made a motion that the minimum eligibility criteria for farmland assessment do not change in the upcoming tax year, Kathleen Hill seconded the motion, and all agreed.

Assessors do not like farmland. Cumberland is the #1 county in Agriculture production and Kathleen Hill is grateful to have been assigned municipalities in the county to work in.

Paul Gottlieb stated it was a good year for confirmation and collaboration for existing methodology. Normally Kevin Sullivan runs the spreadsheets that estimate the land values and Paul Gottlieb does the imputed grazing values, which pointed out that they are not land values, yet they are imputed revenues. Normally they do it independently they switched from raw data on, and the numbers matched.

Paul Gottlieb brought up that ground truthing pasture maintenance cost was done in 2022. Brian Shilling then clarified the FEC asked at the 2021 annual meeting to benchmark where our imputed grazing values were falling. Two Cooperative Extension Agents Bill Bamka and Steve Comar did spot checks with farmers.

Paul Gottlieb began his presentation with the warning the latest year of data on total agricultural sales and total agricultural expenses are from the year 2020. Graphs provided by Paul Gottlieb are on data from 2019-2020, Paul Gottlieb feels as if he is talking about ancient history; the pre-Ukraine Russia War, and a little bit of COVID-19 time to consider.

Per Paul Gottlieb's data, he stated cash receipts rose by 1%. From 1.26 billion to 1.27 billion, therefore New Jersey remains a billion-dollar agriculture economy, in 2020.

Paul Gottlieb reported the production expense increased by 9.1% from 2019-2020. Kathleen Hill inquired about when the last time there has been such an influx. The committee felt the last time was in the 1970s during the oil embargo. Interest rates have remained low. Increased input cost will be an issue with imputed grazing. Paul Gottlieb will place that on his agenda as a research question.

Paul Gottlieb presented on federal government direct farm payments. Payments rose from 21 million in 2019 to 126 million in 2020, a 5-fold increase. This was due to the COVID-19 pandemic. Never seen the federal government move so quickly.

Adjusted farm profit for 2019-2020 was up by 5%. One year should never drive the forecast of future profits.

Data is updated every five years, the current data in use is census data from 2017.

Bruce Eklund brought up that the keying in of FA-1 form data is greatly understaffed currently, with Justin Zappan being the only person on it now. In the past, multiple

employees were helping key in data. Frank Minch, Bruce Eklund, and Justin Zappan conducted interviews and are hopeful to hire an additional person to help soon. Bruce Eklund feels we could do this better possibly by allowing farmers to report online.

Justin Zappan stated some of the copies of the FA-1 forms received by the Division of Agriculture and Natural Resources from Taxation were mismatched and added time to how long it was taking to input data. Landowner information was not matching the back of the sheet leading to Justin Zappan having to sort through it. This initiated a discussion about investigating the steps that need to take to move to the digital submission of FA-1 documents. Shelly Reilly mentioned mimicking the system used for the digital tax map. A question was proposed who would build a digital system? Taxation will work on a proposal and reach out to the GIS Group at OIT.

No negative signs in the absence of new data for weighted acreage mathematically the modest increase in profits stayed wide multiplied by the exact same share in the census with no change in the dominator. Statewide forecast in adjusted income will filter through to all the counties. The difference in the number is due to the weighted acreage in the dominator, one year only. This is where Brian Shilling sees an issue in the future reflecting on the bay area where acres are coming out of farming due to inundation coming. The number of acres in farmland will be driving our number most significantly. Kathleen Hill has 200-330 acres coming out in Carney's Point with 10 warehouses in the pipeline. One is a 95-acre farmland in a commercial zone, and additional little farms around it too. The noted point once the warehouse is built the soil is ruined, and there is no turning it back to farmland, unless indoor growing.

On a motion by Brian Shilling, seconded by Ann Dorsett, and approved, the productivity values and imputed grazing values presented for Tax Year 2023 were adopted.

On a motion by Ann Dorsett, seconded by Kathleen Hill, 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 2022 are to be paid.

On motion by Ann Dorsett, seconded by Shelly Reilly, with Brian Schilling recusing himself from the vote, and carried, the Committee will have the Rutgers Cooperative Extension consult on the productivity and imputed grazing values again for Tax Year 2024.

The committee agreed on setting the date for the next annual FEC meeting for the second Wednesday of August 2023, which would be August 9, 2023.

Justin Zappan inquired if binders should be assembled for New Jersey Farmland Assessment summary. Committee agreed digital copies are sufficient.

Paul Gottlieb stated there should be new census data to work with next year for production values.

Bruce Eklund stated we should also update the crops asked for on the FA-1 form.

On a motion by Douglas Fisher, seconded by Ann Dorsett and carried, the meeting was adjourned at 11:29 AM.