



Farmland Assessment

Changes for Tax Year 2015

Presented by:

Bob Bruch, Consultant, NJ Farm Bureau

P.L. 2013, Ch. 43

- April, 2013 – bill signed into law
- The new provisions in the bill will be applicable commencing in tax year 2015.
- NJFB worked with sponsors to ensure that the rules for maintaining farmland assessment will continue to allow productive farmland to qualify.
- Without NJFB at the table, changes to the law could have been put in place that would have negatively impacted farmers in the state, particularly those that lease large amounts of land or those whose primary income is not from the farm business.

Basis for Farmland Assessment

- Land produces an agricultural commodity that is sold
- Minimum of 5 acres needs to be in production
- Minimum \$1,000 in sales, \$500 for non-appurtenant woodland
- Meet the qualification criteria in the two preceding years

Major changes

- Minimum income increases to \$1,000 for the first 5-acres
- Proof of sales now mandatory
- Map and written narrative of farming activities for farm management units 7-acres and less in size
- Guidelines outlining “generally accepted” farming practices
- Mandatory training for tax assessors on the provisions of the act

Minimum Income Criteria

- Increases to \$1,000 for the first 5-acres
- Income requirements for additional acreage beyond the first five remain intact
- For properties under a woodlot management plan, the income requirements are unchanged



Qualifying Sources of Income



- **Ag/hort products produced on the land**
- **Payments received under federal soil conservation programs**
- **Fees received for breeding, raising, grazing of livestock**
- **Income imputed to grazing land as determined by FEC**
- **Fees received for boarding, rehabilitating or training livestock where the land under the boarding, rehabilitating or training facility is contiguous to land otherwise qualified for farm assessment**

Proof of Sales

- Assessors have always had the discretion to request proof of sales
- Proof of sales will now be required for all applicants
- State Division of Taxation seeking a uniform means of providing proof of sales; NJFB engaged in these discussions



SUPPLEMENTAL FARMLAND ASSESSMENT GROSS SALES FORM

N.J.S.A. 54:4-23.1 as amended by P.L.2013 C.43; N.J.A.C.18:15-1.1 et seq.

THIS MUST BE FILED WITH FORM(S) FA-1 & WD-1, WHERE APPLICABLE, BY AUGUST 1

ACTIVELY DEVOTED & GROSS SALES—For tax year 2016, land of at least 5 acres is actively devoted to agricultural or horticultural use when gross sales of agricultural/horticultural products produced thereon, payments received under Federal soil conservation programs, fees received for breeding, raising or grazing livestock, income imputed to grazing land as determined by the State Farmland Evaluation Committee, and fees received for boarding, rehabilitating or training livestock where the land under the boarding, rehabilitating or training facilities is contiguous to land otherwise qualified for farmland assessment, averaged at least \$1000 in 2015 and \$500 in 2014, or there is clear evidence of anticipated yearly gross sales and payments of at least \$1000 within a reasonable time period. Also where the land is more than 5 acres, gross sales must average \$5 per acre for each acre over 5. However, in the case of woodland/wetland subject to a Woodland Management Plan, the gross sales required remains at \$500 for the first 5 acres and \$.50 per acre for any acreage over 5. Rents paid to owners by tenant farmers do not constitute gross sales. Generated energy from any source is not an agricultural or horticultural product and any power or heat sold from biomass, solar, or wind energy generation is not income for valuation, assessment and taxation of land pursuant to the "Farmland Assessment Act of 1964."

Section I: IDENTIFICATION

COUNTY: _____ MUNICIPALITY: _____ TAX YEAR: _____

OWNER'S NAME: _____

PROPERTY LOCATION: _____ BLOCK & LOT(s): _____

Section II: GROSS SALES

Field Crops	Acres	Ornamental Crops	Acres	Aquaculture	Acres	Pasture Land	Acres
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Fruit Crops	Acres	Livestock	Acres	Woodland Products	Acres	TOTAL ACRES FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	
_____	_____	_____	_____	_____	_____		
_____	_____	_____	_____	_____	_____	FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	
_____	_____	_____	_____	_____	_____		
Vegetable Crops	Acres	Equine	Acres	Conservation Program	Acres	FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	
_____	_____	_____	_____	_____	_____		
_____	_____	_____	_____	_____	_____	FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	
_____	_____	_____	_____	_____	_____		
_____	_____	_____	_____	_____	_____	FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	
_____	_____	_____	_____	_____	_____	FINAL INCOME Must be sufficient to meet the minimum gross sales criteria and adequate active devotion to agricultural/horticultural pursuits	

\$

SECTION III: SIGNATURE AND VERIFICATION OF OWNER(S)

The undersigned declares that this form, including any accompanying schedules and statements, has been examined by him (her) and to the best of his (her) knowledge and belief is true and correct. Filing of this form is also a representation that the land will continue to be devoted to an agricultural or horticultural use during the year for which farmland assessment is requested. Under N.J.S.A. 54:4-23.14(b), this certification shall be considered as if made under oath and is subject to the same penalties as provided by law for perjury. In addition, for a gross and intentional misrepresentation on this form, the landowner shall be subject to a civil penalty of up to \$5,000.00.

Signature of Individual Owner or Co-owner

Date

Signature of Tenant Farmer (If Applicable)

Date

Signature of Corporate Officer

Date

Corporate Name

RESERVED FOR OFFICIAL USE

This application is APPROVED DISAPPROVED

ASSESSOR

Date

**THIS FORM MUST BE FILED WITH THE FARMLAND ASSESSMENT APPLICATION, FA-1,
AND WOODLAND DATA FORM, WD-1, WHERE APPLICABLE, WITH ASSESSOR
TAXPAYER SHOULD RETAIN COPIES FOR HIS/HER FILES
ANNUALLY FILE BY AUGUST 1**

Tax Year 2015

- Applicable to income in tax year 2015 to qualify for calendar tax year 2016.
- Entire 2015 tax year to verify income.

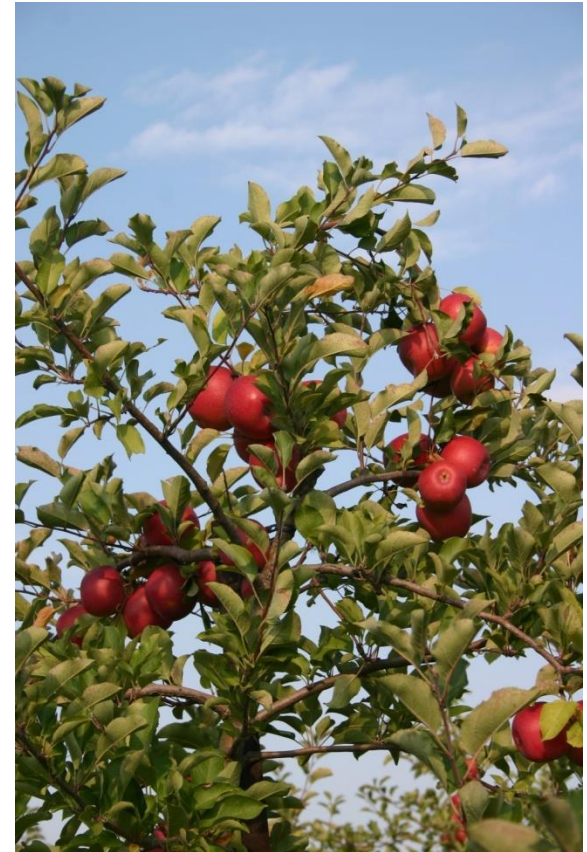
Requirements for Smallest Farms

- Farm management units under 7-acres will be required to provide a map (can be a sketch) and written narrative describing the farming activities ongoing
- A “farm management unit” is defined as a parcel or parcels of land, whether contiguous or noncontiguous, together with agricultural or horticultural buildings, structures and facilities, producing agricultural or horticultural products, and operated as a single enterprise.



Guidelines

- Prepared by NJDA and adopted by the Division of Taxation
- Provide clarity for assessors and applicants about common farming practices
- Assessors/applicants can get additional help by contacting the NJDA/NJ Division of Taxation



Actively Devoted Land

- Cropland harvested
- Cropland pastured
- Permanent pasture
- Non-appurtenant woodland
- Appurtenant woodland or wetland
- Acres used for:
 - Boarding,
 - Rehabilitation
 - Training
- Acres used for renewable energy

Defining “Actively Devoted to an Agricultural Use”

- Land under and used with barns, sheds, packing houses, farm storage facilities, seasonal farm markets selling predominantly agricultural products, seasonal agricultural labor housing, silos, cribs, and like structures when used in direct support of the producing crops for sale;
- Land that consists of lakes, ponds, streams, stream buffer areas, hedgerows, wetlands, and/or irrigation ponds that are supportive and subordinate or reasonably required for the purpose of maintaining agricultural or horticultural uses of a tract of land, which tract of land has a minimum area of at least five acres devoted to agricultural or horticultural uses other than to the production for sale of trees and forest products;
- Land on which crops are produced, harvested, and sold, either at retail or wholesale;
- Land on which cover crops are grown as part of a regular crop rotation program;

Defining “Actively Devoted to an Agricultural Use”

- Land on which poultry are housed or ranged, but if ranged, the land must be enclosed by a fence sufficient to retain such animals;
- Land on which crops are grown for on-farm use, but not including land that is used to produce crops only for personal consumption;
- Land kept fallow during a growing season using cultivation or chemical control to eradicate or reduce weeds for future agricultural or horticultural production;
- Land on which farm animals may be maintained, pastured, or ranged whose products or the animals themselves are produced for market, either retail or wholesale;

Defining “Actively Devoted to an Agricultural Use”

- Land enrolled in a soil conservation program administered by an agency of the Federal government that meets the annual maintenance requirements for future agricultural or horticultural production or an equivalent program;
- Land on which trees and forest products are produced for sale within a reasonable period of time and such land is managed in compliance with a written woodland management plan approved by the State Forester;
- Land on which livestock is boarded, raised, pastured, rehabilitated, trained, or grazed, and enclosed by a fence sufficient to retain such animals that are themselves or their products sold, except that "livestock" shall not include dogs;
- Land that is used for boarding, rehabilitating, or training livestock for a fee (not including acres pastured) where the livestock is owned by a party or parties other than the property owner(s), and the land is contiguous to five or more acres that otherwise qualify for valuation, assessment, and taxation under the Act;

Defining “Actively Devoted to an Agricultural Use”

- Land that is supportive and subordinate woodland or wetlands and that is contiguous to, part of, or beneficial to land that is cropland harvested, cropland pastured, or permanent pasture;
- Land that has limited farming or grazing potential, is managed in an erosion-control program, and is supportive and subordinate or reasonably required for agricultural or horticultural production of land that has a minimum of five acres classified as cropland harvested, cropland pastured, or permanent pasture;
- Greenhouses or poultry or livestock facilities in which animals or their products are sold;
- Land used for biomass, solar, or wind energy generation shall be considered land actively devoted to agricultural or horticultural use as long as it meets the qualifications set forth in *N.J.A.C. 18:15-6.1(d)*, *except that the energy generated from such use shall not be considered an agricultural or horticultural product.*

Mandatory Training for Assessors

All tax assessors with one or more farmland assessed property in their taxing district(s) will have to undergo periodic training on farmland assessment as part of their mandatory continuing education requirements



NJFB is Here to Help!

NJFB staff is knowledgeable about farmland assessment and can assist members with questions like:

- ❖ **Is leaving land fallow a change of use that can trigger roll-back?**
- ❖ **When is a Woodland Management Plan needed and how do I get a plan?**
- ❖ **Does rent paid to the owner from the farmer count toward gross sales?**
- ❖ **What are the federal soil conservation programs that qualify for farmland assessment?**



Join Farm Bureau Today!

- NJFB is the state's largest advocate for agriculture and is dedicated to keeping our members informed of changes to laws and rules that impact their farm business.
- If you are already a member, thank you. If you are not a member, please take some time to consider membership. We are a non-government, grassroots organization that is active on the county, state and national level and we need you to have a greater voice!

