

FARMLAND ASSESSMENT – KEEPING THE GARDEN IN THE GARDEN STATE!

Seize the opportunity to speak up in support of farmland assessment if you see one. Periodically, New Jersey's farmland assessment law comes under fire – from journalists, non-farming neighbors, and even legislators. During those times, it's imperative that the agricultural community speak up, and tell the amazing success story of farmland assessment, and also to dispel the many misconceptions about this critical law.

A Little History

In the 1950's and 1960's – before farmland assessment – New Jersey struggled with many of the same issues we struggle with still today – accommodating the need for housing, jobs, and public services, and also how to pay for providing those services. As New Jersey's population increased, so did property values and taxes. Because farming is so dependent upon land for production, an inordinate tax burden was being placed on agricultural landowners – forcing them to pay far more in property taxes than they could ever afford from the proceeds of their businesses. Because of the heavy tax burden, in conjunction with an increasing demand for land for non-agricultural uses, up to 50,000 to 60,000 acres of farmland per year were being lost.

Both the public and the Legislature recognized the need to protect New Jersey's agricultural industry and keep it viable. Farmland assessment, provided by a voter-approved constitutional amendment in 1963 and an act of the Legislature in 1964, has become the bedrock of farming in the Garden State.

The purpose of farmland assessment when it was instituted was to relieve an unmanageable property tax burden from farmland owners and to slow the loss of farmland in New Jersey. The program has achieved both of those goals. Farmland assessment doesn't just make farming easier in New Jersey, or more profitable. It makes farming in this state possible. Most agricultural operations simply would not be sustainable without this differential property tax assessment. It's significant to note that even with farmland assessment, New Jersey's farmers pay far higher than the national average in property taxes on a per acre basis compared to farmers in other states.

The Facts Today:

- Farmland assessment allows land actively devoted to an agricultural or horticultural use to be taxed on its farm value instead of its development value. All land qualifying for farmland assessment must meet a minimum income threshold from the sale of the agricultural output of the farm. The threshold begins at \$1000 for the first five acres for cropland and \$500 for the first five acres for woodland.
- Most of New Jersey's farm income is earned through the sale of commodities at wholesale prices, not the retail prices seen at the grocery store. Commodity prices for many crops have increased very little since the 1964 inception of the farmland assessment program. Despite relatively flat prices for many commodities, and drastically higher input costs, the Legislature enacted an increase in the income threshold for farmland assessment (cropland) from \$500 to \$1000 in 2015.
- Farmers are not exempt from property taxes. Farmers pay the same property taxes as all other households on their homes, driveways, garages, swimming pools, etc. They also pay market value taxes on the structures (barns, sheds, fences, etc.) on the farm. Only the land that is actively devoted to agriculture production is farmland assessed.

- In fact, even with farmland assessment, New Jersey farmers pay three times the national average of property taxes per acre of farmland (Source: NJ Department of Agriculture; US Ag Census).
- Even with farmland assessed lands, a total farm on average generates more property tax revenue to a municipality than it costs in municipal services, and therefore is a positive tax rate for any town. Simply put, cornfields, cows and Christmas trees don't need costly municipal services the way residential development does.
- Any lands that do get removed from farmland assessment pay a hefty penalty called a roll-back tax. That tax is three years back taxes at the market value assessment plus the value after infrastructure improvements (sewer and water). Because New Jersey's land values are so high, it's reasonable to say that the three-year roll-back penalty would be equivalent to a five year or greater tax in other states with lower land values.
- Farmland assessment is based on the use of land and is neutral as to the size of the farm or who owns the farm. Even very small parcels (must be at least 5 acres), or lands owned by wealthy people or large corporations may qualify for farmland assessment, so long as the land is actively farmed. In most cases, those properties owned by non-farmers are being leased and farmed by "real farmers" who need those tillable acres as part of their land portfolio, in order to keep their farm operations viable.
- State law requires that local tax assessors inspect all farm assessed properties every three years to ensure that the land is being actively devoted to agriculture or horticulture. If they find the land is no longer being farmed, they must deny the farmland assessment application.

Want more details about how farmland assessment works? [Click here for more information.](#)