

ASSEMBLY, No. 804

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

Assemblyman ADAM J. TALIAFERRO

District 3 (Cumberland, Gloucester and Salem)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

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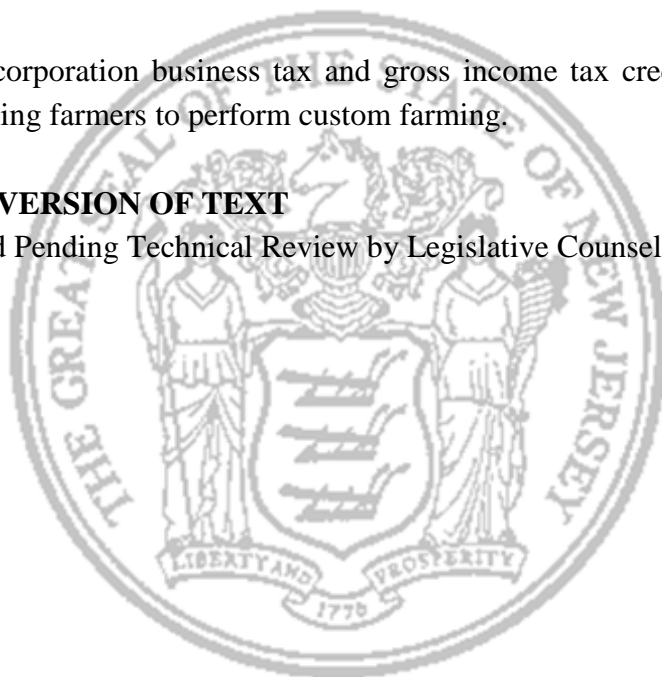
Assemblywoman Handlin, Assemblyman Land and Assemblywoman Pinkin

SYNOPSIS

Provides corporation business tax and gross income tax credits to persons hiring beginning farmers to perform custom farming.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 6/21/2019)

1 AN ACT providing tax credits to persons hiring beginning farmers
2 to perform custom farming and supplementing P.L.1945,
3 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey
4 Statutes.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. a. For privilege periods beginning on or after January 1 next
10 following the effective date of P.L. , c. (C.) (pending
11 before the Legislature as this bill), a taxpayer that executes a
12 custom farming contract with a qualified beginning farmer as
13 provided in subsection b. of this section, and that meets the
14 requirements of this section and the rules and regulations adopted
15 pursuant thereto, shall be allowed a credit against the tax due
16 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount
17 as provided in subsection c. of this section.

18 b. (1) Any custom farming contract for which a credit is
19 claimed pursuant to subsection a. of this section shall:

20 (a) provide for the production of crops located on agricultural
21 land or the production of livestock principally located on
22 agricultural land by the qualified beginning farmer;

23 (b) be in writing;

24 (c) provide that the taxpayer pay the qualified beginning farmer
25 on a cash basis;

26 (d) provide that the total cash payment made for each privilege
27 period that the tax credit is claimed equal at least \$1,000; and

28 (e) be for a term of not more than 24 months.

29 (2) The taxpayer shall make all management decisions
30 substantially contributing to or affecting the production of crops
31 located on the agricultural land or the production of livestock
32 principally located on the agricultural land, provided that nothing in
33 this paragraph shall prohibit a qualified beginning farmer from
34 regularly or frequently taking part in making day-to-day operational
35 decisions affecting production.

36 (3) The qualified beginning farmer shall provide for all of the
37 following:

38 (a) production items principally used to produce crops located
39 on the agricultural land or to produce livestock principally located
40 on the agricultural land; and

41 (b) labor principally used to produce crops located on the
42 agricultural land or to produce livestock principally located on the
43 agricultural land. The qualified beginning farmer shall personally
44 provide such labor on a regular, continuous, and substantial basis.

45 c. A custom farming tax credit claimed pursuant to this section
46 shall be calculated as follows:

47 (1) If the qualified beginning farmer is a veteran, the taxpayer
48 may claim a tax credit equal to eight percent of the gross amount

1 paid to the qualified beginning farmer under the custom farming
2 contract for the first privilege period that the tax credit is allowed,
3 and seven percent of the gross amount paid to the qualified
4 beginning farmer under the custom farming contract for each
5 subsequent privilege period that the tax credit is allowed. The
6 taxpayer may only claim seven percent of the gross amount paid to
7 the qualified beginning farmer under a renewed custom farming
8 contract or a new custom farming contract executed by the same
9 parties; or

10 (2) If the qualified beginning farmer is not a veteran, the
11 taxpayer may claim a tax credit equal to seven percent of the gross
12 amount paid to the qualified beginning farmer under the custom
13 farming contract for each privilege period that the tax credit is
14 allowed.

15 d. A custom farming contract tax credit shall not be allowed if
16 the taxpayer and the qualified beginning farmer are related to each
17 other as any of the following:

18 (1) persons who hold a legal or equitable interest in the same
19 agricultural land, including as individuals or as partners or
20 shareholders in the same business corporation, partnership, limited
21 partnership, or limited liability company; or

22 (2) spouse, child, stepchild, brother, or sister.

23 e. (1) To qualify for the tax credit allowed pursuant to this
24 section, a taxpayer shall apply for a certification from the secretary
25 that certifies: (a) that the custom farming contract meets the
26 requirements of this section; and (b) the amount of the tax credit
27 calculated pursuant to subsection c. of this section. A taxpayer may
28 submit a single application to the department for the department's
29 review and approval of the issuance of a certification for either one
30 or two privilege periods as provided in the custom farming contract.
31 The application shall include a copy of the custom farming contract,
32 and any other information as determined relevant by the
33 department. Upon certification, the secretary shall submit a copy
34 thereof to the taxpayer and the director. The department may
35 approve an application and issue a certification to a taxpayer that
36 has previously been allowed a tax credit under this section. When
37 filing a tax return that includes a claim for a credit pursuant to this
38 section, the taxpayer shall include a copy of the certification issued
39 by the secretary.

40 (2) The department shall not approve an application or issue a
41 certification to a taxpayer for a tax credit in excess of \$50,000. The
42 department also shall not approve an application or issue a tax
43 credit certificate to a taxpayer if any of the following applies:

44 (a) the taxpayer is at fault for terminating another custom
45 farming contract, as determined by the department;

46 (b) the taxpayer is a party to a pending administrative or judicial
47 action related to an alleged violation of the rules and regulations
48 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)

- 1 concerning the humane raising, keeping, care, treatment, marketing,
2 and sale of domestic livestock;
- 3 (c) the taxpayer has committed two or more violations of the
4 rules and regulations adopted pursuant to section 1 of P.L.1995,
5 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
6 treatment, marketing, and sale of domestic livestock; or
- 7 (d) the custom farming contract amount is substantially higher
8 or lower than the market rate for a similar custom farming contract,
9 as determined by the department.
- 10 f. A taxpayer or the qualified beginning farmer may terminate
11 a custom farming contract as provided in the contract or by law.
12 The taxpayer must notify the department of the termination within
13 30 days after the termination.
- 14 (1) If the department determines that the taxpayer is not at fault
15 for the termination, the department shall not issue a certification to
16 the taxpayer for a subsequent privilege period based on the
17 approved application. Any prior tax credit is allowed as provided in
18 this section. The taxpayer may apply for and be issued another
19 certification for the same agricultural land under a custom farming
20 contract with another qualified beginning farmer.
- 21 (2) If the department determines that the taxpayer is at fault for
22 the termination, any prior tax credit allowed under this section is
23 disallowed. The amount of the tax credit shall be immediately due
24 and payable as a tax liability to the Division of Taxation. If a
25 taxpayer does not notify the department of the termination within
26 30 days after the termination, the taxpayer shall be conclusively
27 deemed at fault for the termination.
- 28 g. The order of priority of the application of the credit allowed
29 pursuant to this section and any other credits allowed against the tax
30 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
31 a privilege period shall be as prescribed by the director. The
32 amount of the credit applied pursuant to this section against the tax
33 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),
34 shall not reduce a taxpayer's tax liability for a privilege period to an
35 amount less than the statutory minimum provided in subsection (e)
36 of section 5 of P.L.1945, c.162 (C.54:10A-5). Any credit shall be
37 valid in the privilege period in which the certification is approved
38 and any unused portion thereof may be carried forward into the next
39 10 privilege periods or until depleted, whichever is earlier.
- 40 h. The amount of tax credits that may be issued pursuant to this
41 section and section 2 of P.L. , c. (C.) (pending before the
42 Legislature as this bill) shall not in the aggregate exceed \$4 million
43 in any year. The department shall issue certifications for the tax
44 credit pursuant to this section and section 2 of P.L. , c. (C.)
45 (pending before the Legislature as this bill) on a first-come, first-
46 serve basis.
- 47 i. The secretary, in consultation with the director, shall adopt,
48 pursuant to the "Administrative Procedure Act," P.L.1968,

1 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to carry
2 out the provisions of this section.

3 j. On or before January 31 of each year, the secretary shall
4 submit a report to the Governor, the State Treasurer, and, pursuant
5 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
6 the effectiveness of the tax credit in making agricultural lands
7 available to qualified beginning farmers for custom farming.

8 k. As used in this section:

9 “Agricultural asset” means agricultural land, depreciable
10 agricultural property, crops, or livestock.

11 “Agricultural land” means land suitable for use in farming.

12 “Beginning farmer” means a person with a low or moderate net
13 worth that engages in farming, or wishes to engage in farming.

14 “Custom farming contract” or “contract” means a contract that
15 meets the requirements of subsection b. of this section.

16 “Department” means the Department of Agriculture.

17 “Farming” means the cultivation of land for the production of
18 agricultural crops, the raising of poultry, the production of eggs, the
19 production of milk, the production of fruit or other horticultural
20 crops, grazing, the production of livestock, aquaculture,
21 hydroponics, the production of forest products, or other activities
22 designated by the department pursuant to rules and regulations.

23 “Low or moderate net worth” means a net worth that does not
24 exceed the maximum allowable net worth established by the
25 department pursuant to rules and regulations. The department shall
26 determine the maximum allowable net worth by using data
27 compiled by the National Agricultural Statistics Service in the
28 United States Department of Agriculture.

29 “Production item” means tools, machinery, or equipment
30 principally used to produce crops or livestock.

31 “Qualified beginning farmer” means a beginning farmer that:

- 32 (1) is a resident of the State;
33 (2) has sufficient education, training, or experience in farming;
34 (3) has access to adequate working capital and production items;
35 (4) will materially and substantially participate in farming; and
36 (5) is not responsible for managing or maintaining agricultural
37 land and other agricultural assets that are greater than necessary to
38 adequately support a beginning farmer as determined by the
39 department pursuant to rules and regulations.

40 “Secretary” means the Secretary of Agriculture.

41 “Veteran” means any citizen and resident of this State honorably
42 discharged or released under honorable circumstances from active
43 service in any branch of the Armed Forces of the United States.

44
45 2. a. For taxable years beginning on or after January 1 next
46 following the effective date of P.L. , c. (C.) (pending
47 before the Legislature as this bill), a taxpayer that executes a
48 custom farming contract with a qualified beginning farmer as

1 provided in subsection b. of this section, and that meets the
2 requirements of this section and the rules and regulations adopted
3 pursuant thereto, shall be allowed a credit against the New Jersey
4 gross income tax due pursuant to N.J.S.54A:1-1 et seq., in an
5 amount as provided in subsection c. of this section.

6 b. (1) Any custom farming contract for which a credit is
7 claimed pursuant to subsection a. of this section shall:

8 (a) provide for the production of crops located on agricultural
9 land or the production of livestock principally located on
10 agricultural land by the qualified beginning farmer;

11 (b) be in writing;

12 (c) provide that the taxpayer pay the qualified beginning farmer
13 on a cash basis;

14 (d) provide that the total cash payment made for each taxable
15 year that the tax credit is claimed equal at least \$1,000; and

16 (e) be for a term of not more than 24 months.

17 (2) The taxpayer shall make all management decisions
18 substantially contributing to or affecting the production of crops
19 located on the agricultural land or the production of livestock
20 principally located on the agricultural land, provided that nothing in
21 this paragraph shall prohibit a qualified beginning farmer from
22 regularly or frequently taking part in making day-to-day operational
23 decisions affecting production.

24 (3) The qualified beginning farmer shall provide for all of the
25 following:

26 (a) production items principally used to produce crops located
27 on the agricultural land or to produce livestock principally located
28 on the agricultural land; and

29 (b) labor principally used to produce crops located on the
30 agricultural land or to produce livestock principally located on the
31 agricultural land. The qualified beginning farmer shall personally
32 provide such labor on a regular, continuous, and substantial basis.

33 c. A custom farming tax credit claimed pursuant to this section
34 shall be calculated as follows:

35 (1) If the qualified beginning farmer is a veteran, the taxpayer
36 may claim a tax credit equal to eight percent of the gross amount
37 paid to the qualified beginning farmer under the custom farming
38 contract for the first taxable year that the tax credit is allowed, and
39 seven percent of the gross amount paid to the qualified beginning
40 farmer under the custom farming contract for each subsequent
41 taxable year that the tax credit is allowed. The taxpayer may only
42 claim seven percent of the gross amount paid to the qualified
43 beginning farmer under a renewed custom farming contract or a
44 new custom farming contract executed by the same parties; or

45 (2) If the qualified beginning farmer is not a veteran, the
46 taxpayer may claim a tax credit equal to seven percent of the gross
47 amount paid to the qualified beginning farmer under the custom
48 farming contract for each taxable year that the tax credit is allowed.

- 1 d. A custom farming contract tax credit shall not be allowed if
2 the taxpayer and the qualified beginning farmer are related to each
3 other as any of the following:
- 4 (1) persons who hold a legal or equitable interest in the same
5 agricultural land, including as individuals or as partners or
6 shareholders in the same business corporation, partnership, limited
7 partnership, or limited liability company; or
8 (2) spouse, child, stepchild, brother, or sister.
- 9 e. (1) To qualify for the tax credit allowed pursuant to this
10 section, a taxpayer shall apply for a certification from the secretary
11 that certifies: (a) that the custom farming contract meets the
12 requirements of this section; and (b) the amount of the tax credit
13 calculated pursuant to subsection c. of this section. A taxpayer may
14 submit a single application to the department for the department's
15 review and approval of the issuance of a certification for either one
16 or two taxable years as provided by the custom farming contract.
17 The application shall include a copy of the custom farming contract,
18 and any other information as determined relevant by the
19 department. Upon certification, the secretary shall submit a copy
20 thereof to the taxpayer and the director. The department may
21 approve an application and issue a certification to a taxpayer that
22 has previously been allowed a tax credit under this section. When
23 filing a tax return that includes a claim for a credit pursuant to this
24 section, the taxpayer shall include a copy of the certification issued
25 by the secretary.
- 26 (2) The department shall not approve an application or issue a
27 certification to a taxpayer for a tax credit in excess of \$50,000. The
28 department also shall not approve an application or issue a tax
29 credit certificate to a taxpayer if any of the following applies:
- 30 (a) the taxpayer is at fault for terminating another custom
31 farming contract, as determined by the department;
- 32 (b) the taxpayer is a party to a pending administrative or judicial
33 action related to an alleged violation of the rules and regulations
34 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
35 concerning the humane raising, keeping, care, treatment, marketing,
36 and sale of domestic livestock;
- 37 (c) the taxpayer has committed two or more violations of the
38 rules and regulations adopted pursuant to section 1 of P.L.1995,
39 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
40 treatment, marketing, and sale of domestic livestock; or
- 41 (d) the custom farming contract amount is substantially higher
42 or lower than the market rate for a similar custom farming contract,
43 as determined by the department.
- 44 f. A taxpayer or the qualified beginning farmer may terminate
45 a custom farming contract as provided in the contract or by law.
46 The taxpayer must notify the department of the termination within
47 30 days after the termination.

1 (1) If the department determines that the taxpayer is not at fault
2 for the termination, the department shall not issue a certification to
3 the taxpayer for a subsequent taxable year based on the approved
4 application. Any prior tax credit is allowed as provided in this
5 section. The taxpayer may apply for and be issued another
6 certification for the same agricultural land under a custom farming
7 contract with another qualified beginning farmer.

8 (2) If the department determines that the taxpayer is at fault for
9 the termination, any prior tax credit allowed under this section is
10 disallowed. The amount of the tax credit shall be immediately due
11 and payable as a tax liability to the Division of Taxation. If a
12 taxpayer does not notify the department of the termination within
13 30 days after the termination, the taxpayer shall be conclusively
14 deemed at fault for the termination.

15 g. The order of priority of the application of the credit allowed
16 pursuant to this section and any other credits allowed against the tax
17 imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year shall
18 be as prescribed by the director. The amount of the credit applied
19 pursuant to this section against the tax imposed pursuant to
20 N.J.S.54A:1-1 et seq. shall not reduce a taxpayer's tax liability for a
21 taxable year to an amount less than zero. Any credit shall be valid
22 in the taxable year in which the certification is approved and any
23 unused portion thereof may be carried forward into the next 10
24 taxable years or until depleted, whichever is earlier.

25 h. A business entity that is classified as a partnership for
26 federal income tax purposes shall not be allowed the credit directly
27 under N.J.S.54A:1-1 et seq., but the amount of credit of the
28 taxpayer in respect of a distributive share of partnership income
29 shall be determined by allocating to the taxpayer that proportion of
30 the credit acquired by the partnership that is equal to the taxpayer's
31 share, whether or not distributed, of the total distributive income or
32 gain of the partnership for its taxable year ending within or with the
33 taxpayer's taxable year.

34 A taxpayer that is a New Jersey S corporation shall not be
35 allowed the credit directly under N.J.S.54A:1-1 et seq., but the
36 amount of credit of a taxpayer in respect of a pro rata share of S
37 corporation income shall be determined by allocating to the
38 taxpayer that proportion of the credit acquired by the New Jersey S
39 corporation that is equal to the taxpayer's share, whether or not
40 distributed, of the total pro rata share of S corporation income of the
41 New Jersey S corporation for its taxable year ending within or with
42 the taxpayer's taxable year.

43 i. The amount of tax credits that may be issued pursuant to this
44 section and section 1 of P.L. , c. (C.) (pending before the
45 Legislature as this bill) shall not in the aggregate exceed \$4 million
46 in any year. The department shall issue certifications for the tax
47 credit pursuant to this section and section 1 of P.L. , c. (C.)

1 (pending before the Legislature as this bill) on a first-come, first-
2 serve basis.

3 j. The secretary, in consultation with the director, shall adopt,
4 pursuant to the "Administrative Procedure Act," P.L.1968,
5 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to carry
6 out the provisions of this section.

7 k. On or before January 31 of each year, the secretary shall
8 submit a report to the Governor, the State Treasurer, and, pursuant
9 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
10 the effectiveness of the tax credit in making agricultural lands
11 available to qualified beginning farmers for custom farming.

12 l. As used in this section:

13 "Agricultural asset" means agricultural land, depreciable
14 agricultural property, crops, or livestock.

15 "Agricultural land" means land suitable for use in farming.

16 "Beginning farmer" means a person with a low or moderate net
17 worth that engages in farming, or wishes to engage in farming.

18 "Custom farming contract" or "contract" means a contract that
19 meets the requirements of subsection b. of this section.

20 "Department" means the Department of Agriculture.

21 "Farming" means the cultivation of land for the production of
22 agricultural crops, the raising of poultry, the production of eggs, the
23 production of milk, the production of fruit or other horticultural
24 crops, grazing, the production of livestock, aquaculture,
25 hydroponics, the production of forest products, or other activities
26 designated by the department pursuant to rules and regulations.

27 "Low or moderate net worth" means a net worth that does not
28 exceed the maximum allowable net worth established by the
29 department pursuant to rules and regulations. The department shall
30 determine the maximum allowable net worth by using data
31 compiled by the National Agricultural Statistics Service in the
32 United States Department of Agriculture.

33 "Production item" means tools, machinery, or equipment
34 principally used to produce crops or livestock.

35 "Qualified beginning farmer" means a beginning farmer that:

- 36 (1) is a resident of the State;
37 (2) has sufficient education, training, or experience in farming;
38 (3) has access to adequate working capital and production items;
39 (4) will materially and substantially participate in farming; and
40 (5) is not responsible for managing or maintaining agricultural
41 land and other agricultural assets that are greater than necessary to
42 adequately support a beginning farmer as determined by the
43 department pursuant to rules and regulations.

44 "Secretary" means the Secretary of Agriculture.

45 "Veteran" means any citizen and resident of this State honorably
46 discharged or released under honorable circumstances from active
47 service in any branch of the Armed Forces of the United States.

1 3. This act shall take effect immediately.

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3

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STATEMENT

5

6 This bill would provide corporation business tax and gross
7 income tax credits to persons hiring beginning farmers to perform
8 custom farming.

9 Specifically, for privilege periods and taxable years beginning on
10 or after January 1, 2017, a taxpayer that executes a custom farming
11 contract with a qualified beginning farmer, and that meets the
12 requirements of the bill and the regulations adopted by the
13 Department of Agriculture (“department”), would be entitled to a
14 tax credit as described below.

15 Any custom farming contract for which a credit is claimed under
16 the bill must: (1) provide for the production of crops located on
17 agricultural land or the production of livestock principally located
18 on agricultural land by the qualified beginning farmer; (2) be in
19 writing; (3) provide that the taxpayer pay the qualified beginning
20 farmer on a cash basis; (4) provide that the total cash payment made
21 for each privilege period or taxable year that the tax credit is
22 claimed equal at least \$1,000; and (5) be for a term of not more than
23 24 months. In addition, the taxpayer must make all management
24 decisions substantially contributing to affecting the production of
25 crops or livestock. However, a qualified beginning farmer may
26 regularly and frequently take part in making day-to-day operational
27 decisions affecting production. The qualified beginning farmer
28 must provide production items principally used to produce crops or
29 livestock, and the labor principally used to produce the crops or
30 livestock.

31 Under the bill, a “qualified beginning farmer” means a person
32 with a low or moderate net worth, as determined by the department,
33 that engages, or wishes to engage, in farming, and that: (1) is a
34 resident of the State; (2) has sufficient education, training, or
35 experience in farming; (3) has access to adequate working capital
36 and production items; (4) will materially and substantially
37 participate in farming; and (5) is not responsible for managing or
38 maintaining agricultural land and other agricultural assets that are
39 greater than necessary to adequately support a beginning farmer as
40 determined by the department pursuant to regulation.

41 The amount of the tax credit would be calculated based on the
42 gross amount paid to the qualified beginning farmer under the
43 custom farming contract. If the qualified beginning farmer is a
44 veteran, the taxpayer may claim a tax credit equal to eight percent
45 of the gross amount paid to the qualified beginning farmer under the
46 contract for the first privilege period or taxable year, and seven
47 percent for each subsequent privilege period or taxable year. The
48 taxpayer may only claim seven percent of the gross amount paid to

1 the qualified beginning farmer under a renewed custom farming
2 contract or a new custom farming contract executed between the
3 same parties. If the qualified beginning farmer is not a veteran, the
4 taxpayer may claim a tax credit equal to seven percent of the gross
5 amount paid to the qualified beginning farmer under the custom
6 farming contract for each privilege period or taxable year. No tax
7 credit would be allowed if the taxpayer and the qualified beginning
8 farmer are persons who hold a legal or equitable interest in the same
9 agricultural land, or family members.

10 To qualify for a credit under the bill, a taxpayer would have to
11 apply for a certification from the Secretary of Agriculture that
12 certifies that the custom farming contract meets the requirements of
13 the bill, and the amount of the tax credit. The department would
14 not approve an application or issue a certification to a taxpayer for a
15 tax credit of more than \$50,000. In addition, the department would
16 not approve an application or issue a certification if: (1) the
17 taxpayer is at fault for terminating another custom farming contract,
18 as determined by the department; (2) the taxpayer is a party to a
19 pending administrative or judicial action related to an alleged
20 violation of the regulations adopted pursuant to P.L.1995,
21 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
22 treatment, marketing, and sale of domestic livestock; (3) the
23 taxpayer has committed two or more violations of the regulations
24 adopted pursuant to P.L.1995, c.311 (C.4:22-16.1); or (4) the
25 custom farming contract amount is substantially higher or lower
26 than the market rate for a similar custom farming contract.

27 The tax credit could not reduce a taxpayer's tax liability for any
28 privilege period or taxable year to an amount less than zero. Any
29 credit would be valid in the privilege period or taxable year in
30 which the certification is approved and any unused portion could be
31 carried forward into the next 10 privilege periods or taxable years,
32 or until depleted, whichever is earlier. Also, the combined amount
33 of tax credits that may be issued under the bill could not in the
34 aggregate exceed \$4 million in any year. The department would
35 issue certifications for the tax credit on a first-come, first-serve
36 basis.

37 Under the bill, a taxpayer or the qualified beginning farmer may
38 terminate a custom farming contract as provided in the agreement or
39 by law. The taxpayer must notify the department of the termination
40 within 30 days after the termination. If the department determines
41 that the taxpayer is not at fault for the termination, the department
42 would not issue a certification to the taxpayer for a subsequent
43 privilege period or taxable year based on the approved application.
44 Any prior tax credit would be allowed. The taxpayer may apply for
45 and be issued another certification for the same agricultural land
46 under a custom farming contract with another qualified beginning
47 farmer. If the department determines that the taxpayer is at fault for
48 the termination, any prior tax credit allowed would be disallowed.

1 The amount of the tax credit would be immediately due and payable
2 as a tax liability to the Division of Taxation. If a taxpayer does not
3 notify the department of a termination with 30 days after the
4 termination, the taxpayer would be conclusively deemed at fault for
5 the termination.

6 The purpose of this bill is to provide an incentive to taxpayers to
7 make agricultural lands and assets available to beginning farmers in
8 the State, and keep agricultural lands in production.