

ASSEMBLY, No. 808

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 RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

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District 11 (Monmouth)

Assemblyman ADAM J. TALIAFERRO

District 3 (Cumberland, Gloucester and Salem)

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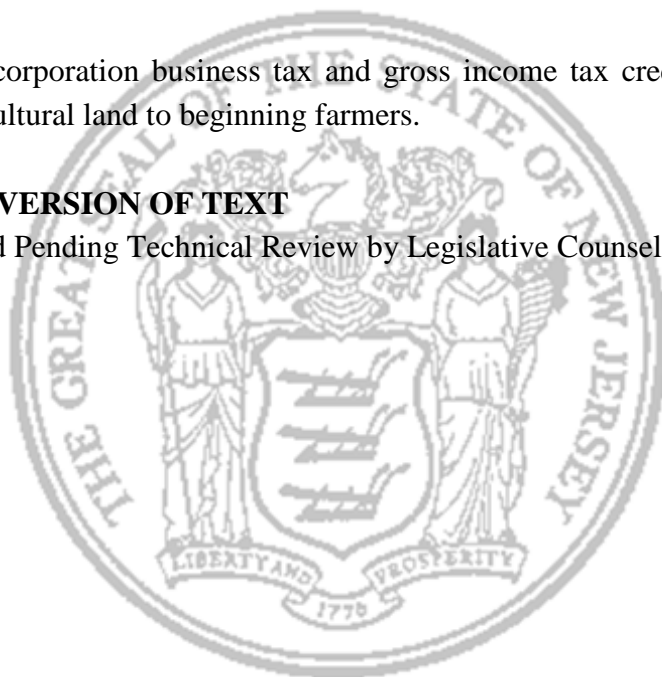
**Assemblyman DeAngelo, Assemblywoman Handlin, Assemblyman Land
and Assemblywoman Pinkin**

SYNOPSIS

Provides corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

1 AN ACT providing credits against the corporation business tax and
2 the gross income tax to persons leasing agricultural land to
3 beginning farmers and supplementing P.L.1945,
4 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey
5 Statutes.

6

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

9

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

19 b. Any agricultural assets transfer agreement for which a credit
20 is claimed pursuant to subsection a. of this section shall:

21 (1) be in writing;

22 (2) provide for the lease of agricultural land located in this
23 State, including any agricultural improvements, and may provide
24 for the rental of agricultural equipment;

25 (3) include a lease made on a cash basis, or on a commodity
26 share basis which includes a share of the crops or livestock
27 produced on the agricultural land, or both;

28 (4) be for a term of at least two years, but not more than five
29 years, which may be renewed by the qualified beginning farmer for
30 a term of at least two years, but not more than five years;

31 (5) not include a lease or the rental of equipment intended as a
32 security; and

33 (6) not be assigned, and the land subject to the agreement shall
34 not be subleased.

35 c. (1) For an agreement that includes a lease on a cash basis, the
36 tax credit shall be calculated as follows:

37 (a) If the qualified beginning farmer is a veteran, the taxpayer
38 may claim a tax credit equal to eight percent of the gross amount
39 paid to the taxpayer under the agreement for the first privilege
40 period that the tax credit is allowed, and seven percent of the gross
41 amount paid to the taxpayer for each subsequent privilege period
42 that the tax credit is allowed. However, a taxpayer may only claim
43 seven percent of the gross amount paid to the taxpayer under a
44 renewed agreement or a new agreement executed by the same
45 parties; or

46 (b) If the qualified beginning farmer is not a veteran, the
47 taxpayer may claim a tax credit equal to seven percent of the gross

1 amount paid to the taxpayer under the agreement for each privilege
2 period that the tax credit is allowed.

3 (2) For an agreement that includes a lease on a commodity share
4 basis, the tax credit shall be calculated as follows:

5 (a) If the qualified beginning farmer is a veteran, the taxpayer
6 may claim a tax credit equal to 18 percent of the amount paid to the
7 taxpayer from crops or animals sold under the agreement for the
8 first privilege period the taxpayer is allowed the tax credit, and 17
9 percent of the amount paid to the taxpayer for each subsequent
10 privilege period that the taxpayer is allowed the tax credit. The
11 taxpayer may only claim 17 percent of the amount paid to the
12 taxpayer from crops or animals sold for any privilege period under a
13 renewed agreement or a new agreement executed by the same
14 parties; or

15 (b) If the qualified beginning farmer is not a veteran, the
16 taxpayer may claim a tax credit equal to 17 percent of the amount
17 paid to the taxpayer from the crops or animals sold under the
18 agreement for each privilege period that the tax credit is allowed.

19 d. (1) To qualify for the tax credit allowed pursuant to this
20 section, a taxpayer shall apply for a certification from the secretary
21 that certifies: (a) that the agricultural assets transfer agreement
22 meets the requirements of this section; and (b) the amount of the tax
23 credit calculated pursuant to subsection c. of this section. The
24 application shall include a copy of the agricultural assets transfer
25 agreement, and any other information as determined relevant by the
26 department. Upon certification, the secretary shall submit a copy
27 thereof to the taxpayer and the director. The department may
28 approve an application and issue a certification to a taxpayer that
29 has previously been allowed a tax credit under this section. When
30 filing a tax return that includes a claim for a credit pursuant to this
31 section, the taxpayer shall include a copy of the certification issued
32 by the secretary.

33 (2) The department shall not approve an application or issue a
34 certification to a taxpayer for a tax credit in excess of \$50,000. The
35 department also shall not approve an application or issue a
36 certification to a taxpayer if any of the following applies:

37 (a) the taxpayer is at fault for terminating a prior agricultural
38 assets transfer agreement as determined by the department;

39 (b) the taxpayer is a party to a pending administrative or judicial
40 action related to an alleged violation of the rules and regulations
41 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
42 concerning the humane raising, keeping, care, treatment, marketing,
43 and sale of domestic livestock;

44 (c) the taxpayer has committed two or more violations of the
45 rules and regulations adopted pursuant to section 1 of P.L.1995,
46 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
47 treatment, marketing, and sale of domestic livestock; or

1 (d) the agricultural assets are being leased or rented at a rate
2 which is substantially higher or lower than the market rate for
3 similar agricultural assets leased or rented within the same
4 community, as determined by the department.

5 e. A taxpayer or the qualified beginning farmer may terminate
6 an agricultural assets transfer agreement as provided in the
7 agreement or by law. The taxpayer must notify the department of
8 the termination within 30 days after the termination.

9 (1) If the department determines that the taxpayer is not at fault
10 for the termination, the department shall not issue a certification to
11 the taxpayer for a subsequent privilege period based on the
12 approved application. Any prior tax credit is allowed as provided in
13 this section. The taxpayer may apply for and be issued another
14 certification for the same agricultural assets as provided in this
15 section for any remaining privilege periods for which a certificate
16 was not issued.

17 (2) If the department determines that the taxpayer is at fault for
18 the termination, any prior tax credit allowed under this section is
19 disallowed. The amount of the tax credit shall be immediately due
20 and payable as a tax liability to the Division of Taxation. If a
21 taxpayer does not notify the department of the termination within
22 30 days after the termination, the taxpayer shall be conclusively
23 deemed at fault for the termination.

24 f. The order of priority of the application of the credit allowed
25 pursuant to this section and any other credits allowed against the tax
26 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
27 a privilege period shall be as prescribed by the director. The
28 amount of the credit applied pursuant to this section against the tax
29 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),
30 shall not reduce a taxpayer's tax liability for a privilege period to an
31 amount less than the statutory minimum provided in subsection (e)
32 of section 5 of P.L.1945, c.162 (C.54:10A-5). Any credit shall be
33 valid in the privilege period in which the certification is approved
34 and any unused portion thereof may be carried forward into the next
35 10 privilege periods or until depleted, whichever is earlier.

36 g. The amount of tax credits that may be issued pursuant to this
37 section and section 2 of P.L. , c. (C.) (pending before the
38 Legislature as this bill) shall not in the aggregate exceed \$8 million
39 in any year. The department shall issue certifications for the tax
40 credit pursuant to this section and section 2 of P.L. , c. (C.)
41 (pending before the Legislature as this bill) on a first-come, first-
42 serve basis.

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

47 i. On or before January 31 of each year, the secretary shall
48 submit a report to the Governor, the State Treasurer, and, pursuant

1 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
2 the effectiveness of the tax credit in making agricultural lands and
3 assets available to beginning farmers in the State, and keeping
4 agricultural lands in production.

5 j. As used in this section:

6 “Agricultural asset” means agricultural land, depreciable
7 agricultural property, crops, or livestock.

8 “Agricultural assets transfer agreement” or “agreement” means
9 any agreement that meets the requirements of subsection b. of this
10 section.

11 “Agricultural improvement” means any improvement, building,
12 structure, or fixture suitable for use in farming which is located on
13 agricultural land.

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

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

17 “Department” means the Department of Agriculture.

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

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

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

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

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

41 “Secretary” means the Secretary of Agriculture.

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

45

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

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

7 b. Any agricultural assets transfer agreement for which a credit
8 is claimed pursuant to subsection a. of this section shall:

9 (1) be in writing;

10 (2) provide for the lease of agricultural land located in this
11 State, including any agricultural improvements, and may provide
12 for the rental of agricultural equipment;

13 (3) include a lease made on a cash basis, or on a commodity
14 share basis which includes a share of the crops or livestock
15 produced on the agricultural land, or both;

16 (4) be for a term of at least two years, but not more than five
17 years, which may be renewed by the qualified beginning farmer for
18 a term of at least two years, but not more than five years;

19 (5) not include a lease or the rental of equipment intended as a
20 security; and

21 (6) not be assigned, and the land subject to the agreement shall
22 not be subleased.

23 c. (1) For an agreement that includes a lease on a cash basis, the
24 tax credit shall be calculated as follows:

25 (a) If the qualified beginning farmer is a veteran, the taxpayer
26 may claim a tax credit equal to eight percent of the gross amount
27 paid to the taxpayer under the agreement for the first taxable year
28 that the tax credit is allowed, and seven percent of the gross amount
29 paid to the taxpayer for each subsequent taxable year that the tax
30 credit is allowed. However, a taxpayer may only claim seven
31 percent of the gross amount paid to the taxpayer under a renewed
32 agreement or a new agreement executed by the same parties; or

33 (b) If the qualified beginning farmer is not a veteran, the
34 taxpayer may claim a tax credit equal to seven percent of the gross
35 amount paid to the taxpayer under the agreement for each taxable
36 year that the tax credit is allowed.

37 (2) For an agreement that includes a lease on a commodity share
38 basis, the tax credit shall be calculated as follows:

39 (a) If the qualified beginning farmer is a veteran, the taxpayer
40 may claim a tax credit equal to 18 percent of the amount paid to the
41 taxpayer from crops or animals sold under the agreement for the
42 first taxable year the taxpayer is allowed the tax credit, and 17
43 percent of the amount paid to the taxpayer for each subsequent
44 taxable year that the taxpayer is allowed the tax credit. The
45 taxpayer may only claim 17 percent of the amount paid to the
46 taxpayer from crops or animals sold for any taxable year under a
47 renewed agreement or a new agreement executed by the same
48 parties; or

1 (b) If the qualified beginning farmer is not a veteran, the
2 taxpayer may claim a tax credit equal to 17 percent of the amount
3 paid to the taxpayer from the crops or animals sold under the
4 agreement for each taxable year that the tax credit is allowed.

5 d. (1) To qualify for the tax credit allowed pursuant to this
6 section, a taxpayer shall apply for a certification from the secretary
7 that certifies: (a) that the agricultural assets transfer agreement
8 meets the requirements of this section; and (b) the amount of the tax
9 credit calculated pursuant to subsection c. of this section. The
10 application shall include a copy of the agricultural assets transfer
11 agreement, and any other information as determined relevant by the
12 department. Upon certification, the secretary shall submit a copy
13 thereof to the taxpayer and the director. The department may
14 approve an application and issue a certification to a taxpayer that
15 has previously been allowed a tax credit under this section. When
16 filing a tax return that includes a claim for a credit pursuant to this
17 section, the taxpayer shall include a copy of the certification issued
18 by the secretary.

19 (2) The department shall not approve an application or issue a
20 certification to a taxpayer for a tax credit in excess of \$50,000. The
21 department also shall not approve an application or issue a
22 certification to a taxpayer if any of the following applies:

23 (a) the taxpayer is at fault for terminating a prior agricultural
24 assets transfer agreement as determined by the department;

25 (b) the taxpayer is a party to a pending administrative or judicial
26 action related to an alleged violation of the rules and regulations
27 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
28 concerning the humane raising, keeping, care, treatment, marketing,
29 and sale of domestic livestock;

30 (c) the taxpayer has committed two or more violations of the
31 rules and regulations adopted pursuant to section 1 of P.L.1995,
32 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
33 treatment, marketing, and sale of domestic livestock; or

34 (d) the agricultural assets are being leased or rented at a rate
35 which is substantially higher or lower than the market rate for
36 similar agricultural assets leased or rented within the same
37 community, as determined by the department.

38 e. A taxpayer or the qualified beginning farmer may terminate
39 an agricultural assets transfer agreement as provided in the
40 agreement or by law. The taxpayer must notify the department of
41 the termination within 30 days after the termination.

42 (1) If the department determines that the taxpayer is not at fault
43 for the termination, the department shall not issue a certification to
44 the taxpayer for a subsequent taxable year based on the approved
45 application. Any prior tax credit is allowed as provided in this
46 section. The taxpayer may apply for and be issued another
47 certification for the same agricultural assets as provided in this

1 section for any remaining taxable years for which a certificate was
2 not issued.

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

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

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

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

38 h. The amount of tax credits that may be issued pursuant to this
39 section and section 1 of P.L. , c. (C.) (pending before the
40 Legislature as this bill) shall not in the aggregate exceed \$8 million
41 in any year. The department shall issue certifications for the tax
42 credit pursuant to this section and section 1 of P.L. , c. (C.)
43 (pending before the Legislature as this bill) on a first-come, first-
44 serve basis.

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

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

7 k. As used in this section:

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

10 “Agricultural assets transfer agreement” or “agreement” means
11 any agreement that meets the requirements of subsection b. of this
12 section.

13 “Agricultural improvement” means any improvement, building,
14 structure, or fixture suitable for use in farming which is located on
15 agricultural land.

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

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

19 “Department” means the Department of Agriculture.

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

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

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

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

35 (1) is a resident of the State;

36 (2) has sufficient education, training, or experience in farming;

37 (3) has access to adequate working capital and production items;

38 (4) will materially and substantially participate in farming; and

39 (5) is not responsible for managing or maintaining agricultural
40 land and other agricultural assets that are greater than necessary to
41 adequately support a beginning farmer as determined by the
42 department pursuant to rules and regulations.

43 “Secretary” means the Secretary of Agriculture.

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

47
48 3. This act shall take effect immediately.

STATEMENT

This bill would provide corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

Specifically, for privilege periods and taxable years beginning on or after January 1, 2017, a taxpayer that executes an agricultural assets transfer agreement with a qualified beginning farmer, and that meets the requirements of the bill and the regulations adopted by the Department of Agriculture (“department”), would be entitled to a tax credit as described below.

Any agricultural assets transfer agreement for which a tax credit is claimed under the bill must: (1) be in writing; (2) provide for the lease of agricultural land located in this State, including any agricultural improvements, and may provide for the rental of agricultural equipment; (3) include a lease made on a cash basis, or on a commodity share basis which includes a share of the crops or livestock produced on the agricultural land, or both; (4) be for a term of at least two years, but not more than five years, which may be renewed by the qualified beginning farmer for a term of at least two years, but not more than five years; (5) not include a lease or the rental of equipment intended as a security; and (6) not be assigned, and the land subject to the agreement could not be subleased.

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

The amount of the tax credit issued would depend on whether the lease is made on a cash basis or a commodity share basis, and whether or not the qualified beginning farmer is a veteran. For an agreement that includes a lease on a cash basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to eight percent of the gross amount paid to the taxpayer under the agreement for the first privilege period or taxable year, and seven percent for each subsequent privilege period or taxable year. If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seven percent of the gross amount paid to the taxpayer for each privilege period or taxable year. For an agreement that includes a lease on a commodity share basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to 18 percent of the amount paid to the

1 taxpayer from crops or animals sold under the agreement for the
2 first privilege period or taxable year, and 17 percent for each
3 subsequent privilege period or taxable year. If the qualified
4 beginning farmer is not a veteran, the taxpayer may claim a credit
5 equal to 17 percent of the amount paid to the taxpayer from the
6 crops or animals sold under the agreement for each privilege period
7 or taxable year.

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

26 The tax credit could not reduce a taxpayer's tax liability for any
27 privilege period or taxable year to an amount less than zero. Any
28 credit would be valid in the privilege period or taxable year in
29 which the certification is approved and any unused portion could be
30 carried forward into the next 10 privilege periods or taxable years,
31 or until depleted, whichever is earlier. Also, the combined amount
32 of tax credits that may be issued under the bill could not in the
33 aggregate exceed \$8 million in any year. The department would
34 issue certifications for the tax credit on a first-come, first-serve
35 basis.

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

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

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