

# SENATE, No. 3273

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED DECEMBER 14, 2020

**Sponsored by:**

**Senator THOMAS H. KEAN, JR.**

**District 21 (Morris, Somerset and Union)**

**SYNOPSIS**

Requires NJEDA to establish loan program to assist beginning farmers in financing capital purchases.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT establishing a beginning farmer loan program, and  
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).  
3

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

7 1. As used in P.L. , c. (C. ) (pending before the  
8 Legislature as this bill):

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

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

13 “Authority” means the New Jersey Economic Development  
14 Authority established pursuant to section 4 of  
15 P.L.1974, c.80 (C.34:1B-4).

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 “Department” means the Department of Agriculture.

19 “Depreciable agricultural property” means personal property  
20 suitable for use in farming for which an income tax deduction for  
21 depreciation is allowable in computing federal income tax under the  
22 federal Internal Revenue Code.

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

29 “Low or moderate net worth” means a net worth that does not  
30 exceed the maximum allowable net worth established by the  
31 department pursuant to rules and regulations. The department shall  
32 determine the maximum allowable net worth in using data compiled  
33 by the National Agricultural Statistics Service in the United States  
34 Department of Agriculture.  
35

36 2. a. The New Jersey Economic Development Authority, in  
37 consultation with the Department of Agriculture, shall develop and  
38 administer a beginning farmer loan program to facilitate the  
39 acquisition of agricultural land, agricultural improvements, and  
40 depreciable agricultural property by beginning farmers.

41 b. (1) A beginning farmer seeking a loan pursuant to this  
42 section shall apply to the authority, in a form and manner as  
43 determined by the authority, and shall include such information as  
44 the authority determines is necessary in consideration of the  
45 provisions of P.L. , c. (C. ) (pending before the  
46 Legislature as this bill).

- 1       (2) In order to receive a loan from the authority pursuant to  
2 P.L. , c. (C. ) (pending before the Legislature as this bill),  
3 the beginning farmer shall meet the following requirements:
- 4       (a) the beginning farmer shall be a resident of the State;
  - 5       (b) the agricultural land, agricultural improvements, or  
6 depreciable agricultural property the beginning farmer proposes to  
7 purchase shall be located in the State;
  - 8       (c) the beginning farmer shall have sufficient education,  
9 training, or experience in the type of farming for which the  
10 beginning farmer requests the loan;
  - 11       (d) if the loan is for the acquisition of agricultural land, the  
12 beginning farmer shall have access to adequate working capital,  
13 farm equipment, machinery, or livestock;
  - 14       (e) if the loan is for the acquisition of depreciable agricultural  
15 property, the beginning farmer shall have access to adequate  
16 working capital or agricultural land;
  - 17       (f) the beginning farmer shall materially and substantially  
18 participate in farming;
  - 19       (g) the agricultural land and agricultural improvements shall  
20 only be used for farming by, or under the direction of, the beginning  
21 farmer; and
  - 22       (h) any other criteria established by the authority pursuant to  
23 rules and regulations.
- 24       (3) The authority shall review completed applications and  
25 approve applications that meet the requirements of this section and  
26 the rules and regulations adopted pursuant to section 3 of  
27 P.L. , c. (C. ) (pending before the Legislature as this bill).
- 28       c. A beginning farmer loan under this section shall be made  
29 pursuant to a loan agreement with the authority, shall bear interest  
30 at rates and terms deemed appropriate by the authority, and shall  
31 contain other terms and conditions considered appropriate by the  
32 authority that are consistent with the purposes of  
33 P.L. , c. (C. ) (pending before the Legislature as this bill)  
34 and with the rules and regulations adopted by the authority pursuant  
35 to section 3 of P.L. , c. (C. ) (pending before the  
36 Legislature as this bill).
- 37       d. The authority may, in its discretion, require a beginning  
38 farmer that receives a loan pursuant to P.L. , c. (C. )  
39 (pending before the Legislature as this bill) to submit an audited  
40 financial statement to the authority in order to ensure the beginning  
41 farmer's continued viability.
- 42       e. The authority may, either through the adoption of rules and  
43 regulations, or through the terms of the loan agreement made  
44 pursuant to subsection c. of this section, establish terms governing  
45 the incidence of default by a beginning farmer that receives a loan  
46 under the program administered pursuant to P.L. , c. (C. )  
47 (pending before the Legislature as this bill).

1 f. The authority may participate in, and cooperate with,  
2 programs of the Consolidated Farm Service Agency in the United  
3 States Department of Agriculture, Federal Land Bank, or any other  
4 agency or instrumentality of the federal government, or with any  
5 program of any other State agency in the administration of the  
6 beginning farmer loan program.

7  
8 3. The New Jersey Economic Development Authority, in  
9 consultation with the Department of Agriculture, shall adopt,  
10 pursuant to the "Administrative Procedure Act,"  
11 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations  
12 necessary to effectuate the purposes of P.L. , c. (C. )  
13 (pending before the Legislature as this bill).

14  
15 4. This act shall take effect immediately.

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18 STATEMENT

19  
20 This bill would require the New Jersey Economic Development  
21 Authority ("EDA"), in consultation with the Department of  
22 Agriculture, to develop and administer a beginning farmer loan  
23 program to facilitate the acquisition of agricultural land, agricultural  
24 improvements, or depreciable agricultural property by beginning  
25 farmers. Under the bill, a "beginning farmer" is defined as any  
26 person with a low or moderate net worth, as determined by the  
27 department, that engages in farming, or wishes to engage in  
28 farming. An "agricultural improvement" is defined as any  
29 improvement, building, structure, or fixture suitable for use in  
30 farming which is located on agricultural land. "Depreciable  
31 agricultural property" is defined as personal property suitable for  
32 use in farming for which an income tax deduction for depreciation  
33 is allowable under federal law, such as farm machinery and trucks.

34 To qualify for a loan under the program, a beginning farmer  
35 would have to meet the following requirements:

- 36 1) the beginning farmer must be a resident of the State;  
37 2) the agricultural land, agricultural improvements, or  
38 depreciable agricultural property the beginning farmer proposes to  
39 purchase must be located in the State;  
40 3) the beginning farmer must have sufficient education,  
41 training, or experience in the type of farming for which the  
42 beginning farmer requests the loan;  
43 4) if the loan is for the acquisition of agricultural land, the  
44 beginning farmer must have access to adequate working capital,  
45 farm equipment, machinery, or livestock;  
46 5) if the loan is for the acquisition of depreciable agricultural  
47 property, the beginning farmer must have access to adequate  
48 working capital or agricultural land;

1       6) the beginning farmer must materially and substantially  
2 participate in farming;

3       7) the agricultural land and agricultural improvements must  
4 only be used for farming by, or under the direction of, the beginning  
5 farmer; and

6       8) any other criteria established by the authority pursuant to  
7 regulation.

8       The bill requires that an EDA-approved loan to a beginning  
9 farmer is to be made pursuant to a loan agreement with the  
10 authority, bear interest at rates and terms deemed appropriate by the  
11 EDA, and contain other terms and conditions considered  
12 appropriate by the EDA that are consistent with the purposes of the  
13 bill and the regulations adopted by the EDA. The authority could  
14 require a beginning farmer that receives a loan under the program to  
15 submit an audited financial statement to the authority in order to  
16 ensure the beginning farmer's continued viability, and may, either  
17 by regulation or through the terms of the loan agreement, establish  
18 terms governing the incidence of default by a beginning farmer that  
19 receives a loan under the program. The EDA would have the  
20 authority to participate in programs of the United States Department  
21 of Agriculture Consolidated Farm Service Agency, Federal Land  
22 Bank, or any other federal or State agency in the administration of  
23 this program.

24       The purpose of this bill is to develop and administer a beginning  
25 farmer loan program to facilitate the acquisition of agricultural  
26 land, agricultural improvements, or depreciable agricultural  
27 property by beginning farmers New Jersey cannot rest on the  
28 success of land preservation but must take further action to preserve  
29 its farmers as well. Currently, the average age of a farmer in the  
30 United States is 57.5 years. The national average age has increased  
31 by 1.6 percent annually since 1994, on average, according to the  
32 2017 Census of Agriculture conducted by the United States  
33 Department of Agriculture. The average age of a New Jersey farmer  
34 is 59.7 years, according to the same report. The state-wide average  
35 age has increased more drastically at 2.72 percent annually since  
36 2002, on average.