ASSEMBLY AGRICULTURE AND WASTE MANAGEMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 975

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 5, 1996

The Assembly Agriculture and Waste Management Committee favorably reports Assembly Bill No. 975, with committee amendments.

As amended, this bill would provide an exemption from the New Jersey transfer inheritance tax upon the transfer of land used for farming purposes as well as the stock of a corporation owning land devoted to farming. The exemption is conditioned upon the use of the land for specified farm purposes for a period of at least eight years by the recipient beneficiary or beneficiaries.

The bill limits the exemption to the transfer to those beneficiaries who are immediate family members of the decedent, defined as the spouse, father, mother, grandparent, child, aunt, uncle, brother or sister of the decedent. The bill also stipulates that if the family ceases to use the land for farming or sells the farm within eight years after the date of death of the decedent, then the exemption is revoked and the inheritance tax is due as if the exemption had not been applicable.

The exemption only applies to real property and farms actually operated by the beneficiaries and in certain cases, to transfers of stock in a corporation owning real property. The provisions of the bill do not apply to transfers of property which are not otherwise subject to the tax.

The committee amended the effective date of the bill to make the bill applicable to taxes that become due and payable on and after January 1, 1997.

This bill was pre-filed for introduction in the 1996-1997 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.