

ASSEMBLY, No. 1438

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Assemblymen GIBSON and BODINE

1 AN ACT concerning appraisals of farmland in the pinelands area for
2 farmland preservation purposes, and amending P.L.1983, c.32 and
3 P.L.1988, c.4.

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

7
8 1. Section 24 of P.L.1983, c.32 (C.4:1C-31) is amended to read as
9 follows:

10 24. a. Any landowner applying to the board to sell a development
11 easement pursuant to section 17 of this act shall offer to sell the
12 development easement at a price which, in the opinion of the
13 landowner, represents a fair value of the development potential of the
14 land for nonagricultural purposes, as determined in accordance with
15 the provisions of this act.

16 b. Any offer shall be reviewed and evaluated by the board and the
17 committee in order to determine the suitability of the land for
18 development easement purchase. Decisions regarding suitability shall
19 be based on the following criteria:

20 (1) Priority consideration shall be given, in any one county, to
21 offers with higher numerical values obtained by applying the following
22 formula:

23
24 nonagricultural - agricultural - landowner's
25 developmental value value asking price
26 .....
27 nonagricultural - agricultural
28 development value value
29

30 (2) The degree to which the purchase would encourage the
31 survivability of the municipally approved program in productive
32 agriculture; and

33 (3) The degree of imminence of change of the land from productive
34 agriculture to nonagricultural use.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 The board and the committee shall reject any offer for the sale of  
2 development easements which is unsuitable according to the above  
3 criteria and which has not been approved by the board and the  
4 municipality.

5 c. (1) Two independent appraisals paid for by the board shall be  
6 conducted for each parcel of land so offered and deemed suitable. The  
7 appraisals shall be conducted by independent, professional appraisers  
8 selected by the board and the committee from among members of  
9 recognized organizations of real estate appraisers. The appraisals shall  
10 determine the current overall value of the parcel for nonagricultural  
11 purposes, as well as the current market value of the parcel for  
12 agricultural purposes. The difference between the two values shall  
13 represent an appraisal of the value of the development easement.

14 (2) The value per acre of a development easement on a parcel of  
15 land located in the pinelands area as defined pursuant to section 3 of  
16 P.L.1979, c.111 (C.13:18A-3) shall be based upon the total cost  
17 divided by the total acreage of development easement purchases on  
18 lands located outside of the pinelands area pursuant to the  
19 "Agriculture Retention and Development Act," P.L.1983, c.32  
20 (C.4:1C-11 et seq.) in the counties of Atlantic, Burlington, Camden,  
21 Cape May, Cumberland, Gloucester, Ocean, and Salem, in the two  
22 years immediately preceding the year in which the application is made  
23 to the committee; unless the value established pursuant to paragraph  
24 (1) of this subsection is greater, in which case that value shall be  
25 utilized.

26 (3) If Burlington County or a municipality therein has established  
27 a development transfer bank pursuant to the provisions of P.L.1989,  
28 c.86 (C.40:55D-113 et seq.), the municipal average of the value of the  
29 development potential of property in a sending zone established by the  
30 bank may be the value used by the board in determining the value of  
31 the development easement.

32 (4) If a development easement is purchased using moneys  
33 appropriated from the fund, the State shall provide no more than 80%,  
34 except 100% under emergency conditions specified by the committee  
35 pursuant to rules or regulations, of the cost of the appraisals  
36 conducted pursuant to this section.

37 d. Upon receiving the results of the appraisals made pursuant to  
38 paragraph (1) of subsection c. of this section or the calculations made  
39 pursuant to paragraph (2) of subsection c. of this section , or in  
40 Burlington county or a municipality therein where a municipal average  
41 has been established under P.L.1989, c.86 (C.40:55D-113 et seq.),  
42 upon receiving an application from the landowners, the board and the  
43 committee shall compare the [appraised] value determined pursuant to  
44 paragraphs (1) or (2) of subsection c. of this section , or the municipal  
45 average, as the case may be, and the landowner's offer and, pursuant  
46 to the suitability criteria established in subsection b. of this section:

1 (1) Approve the application to sell the development easement and  
2 rank the application in accordance with the criteria established in  
3 subsection b. of this section; or

4 (2) Disapprove the application, stating the reasons therefor.

5 e. Upon approval by the committee and the board, the secretary is  
6 authorized to provide the board, within the limits of funds  
7 appropriated therefor, an amount equal to no more than 80%, except  
8 100% under emergency conditions specified by the committee  
9 pursuant to rules or regulations, of the purchase price of the  
10 development easement, as determined pursuant to the provisions of  
11 this section. The board shall provide its required share and accept the  
12 landowner's offer to sell the development easement. The acceptance  
13 shall cite the specific terms, contingencies and conditions of the  
14 purchase.

15 f. The landowner shall accept or reject the offer within 30 days of  
16 receipt thereof. Any offer not accepted within that time shall be  
17 deemed rejected.

18 g. Any landowner whose application to sell a development  
19 easement has been rejected for any reason other than insufficient funds  
20 may not reapply to sell a development easement on the same land  
21 within two years of the original application.

22 h. No development easement shall be purchased at a price greater  
23 than the [appraised] value determined pursuant to paragraphs (1) or  
24 (2) of subsection c. of this section or the municipal average, as the  
25 case may be.

26 i. The appraisals conducted pursuant to this section or the fair  
27 market value of land restricted to agricultural use shall not be used to  
28 increase the assessment and taxation of agricultural land pursuant the  
29 "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et  
30 seq.).

31 (cf: P.L.1989, c.86, s.15)

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33 2. Section 5 of P.L.1988, c.4 (C.4:1C-31.1) is amended to read as  
34 follows:

35 5. a. Any landowner of farmland within an agricultural  
36 development area certified by the committee may apply to the  
37 committee to sell the fee simple absolute title at a price which, in the  
38 opinion of the landowner, represents a fair market value of the  
39 property.

40 b. The committee shall evaluate the offer to determine the  
41 suitability of the land for purchase. Decisions regarding suitability  
42 shall be based on the eligibility criteria for the purchase of  
43 development easements listed in subsection b. of section 24 of P.L.  
44 1983, c. 32 (C. 4:1C-31) and the criteria adopted by the committee  
45 and the board of that county. The committee shall also evaluate the  
46 offer taking into account the amount of the asking price, the asking

1 price relative to other offers, the location of the parcel relative to areas  
2 targeted within the county by the board and among the counties, and  
3 any other criteria as the committee has adopted pursuant to rule or  
4 regulation. The committee may negotiate reimbursement with the  
5 county and include the anticipated reimbursement as part of the  
6 evaluation of an offer.

7 c. The committee shall rank the offers according to the criteria to  
8 determine which, if any, should be appraised. The committee shall  
9 reject any offer for the purchase of fee simple absolute title determined  
10 unsuitable according to any criterion in this subsection or adopted  
11 pursuant to this subsection, or may defer decisions on offers with a  
12 low ranking. The committee shall state, in writing, its reasons for  
13 rejecting an offer.

14 d. Appraisals of the parcel shall be conducted to determine the fair  
15 market value according to procedures adopted by regulation by the  
16 committee. The value per acre of a parcel of farmland located in the  
17 pinelands area as defined pursuant to section 3 of P.L.1979, c.111  
18 (C.13:18A-3) shall be based upon the total cost divided by the total  
19 acreage of farmland purchased in fee simple outside of the pinelands  
20 area in the counties of Atlantic, Burlington, Camden, Cape May,  
21 Cumberland, Gloucester, Ocean, and Salem, in the two years  
22 immediately preceding the year in which the application is made to the  
23 committee, unless the average value per acre of farmland purchased  
24 in fee simple in the pinelands area in those counties in that two-year  
25 period is greater, in which case that value shall be utilized.

26 e. The committee shall notify the landowner of the fair market  
27 value and negotiate for the purchase of the title in fee simple absolute.

28 f. Any land acquired by the committee pursuant to the provisions  
29 of this amendatory and supplementary act shall be held of record in the  
30 name of the State and shall be offered for resale by the State,  
31 notwithstanding any other law, rule or regulation to the contrary,  
32 within a reasonable time of its acquisition with agricultural deed  
33 restrictions for farmland preservation purposes as determined by the  
34 committee pursuant to the provisions of this act.

35 g. The committee shall be responsible for the operation and  
36 maintenance of lands acquired and shall take all reasonable steps to  
37 maintain the value of the land and its improvements.

38 h. To the end that municipalities may not suffer loss of taxes by  
39 reason of acquisition and ownership by the State of New Jersey of  
40 property under the provisions of this act, the State shall pay annually  
41 on October 1 to each municipality in which property is so acquired and  
42 has not been resold a sum of money equal to the tax last assessed and  
43 last paid by the taxpayer upon this land and the improvement thereon  
44 for the taxable year immediately prior to the time of its acquisition. In  
45 the event that land acquired by the State pursuant to this act had been  
46 assessed at an agricultural and horticultural use valuation in

1 accordance with provisions of the "Farmland Assessment Act of  
2 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), at the time of its  
3 acquisition by the State, no rollback tax pursuant to section 8 of  
4 P.L.1964, c.48 (C.54:4-23.8) shall be imposed as to this land nor shall  
5 this rollback tax be applicable in determining the annual payments to  
6 be made by the State to the municipality in which this land is located.

7 All sums of money received by the respective municipalities as  
8 compensation for loss of tax revenue pursuant to this section shall be  
9 applied to the same purposes as is the tax revenue from the assessment  
10 and collection of taxes on real property of these municipalities, and to  
11 accomplish this end the sums shall be apportioned in the same manner  
12 as the general tax rate of the municipality for the tax year preceding  
13 the year of receipt.

14 (cf: P.L.1988, c.4, s.5)

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16 3. This act shall take effect immediately.

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#### STATEMENT

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21 This bill would require that an appraisal of the value of farmland in  
22 the pinelands area conducted for farmland preservation purposes under  
23 the "Agriculture Retention and Development Act," P.L.1983, c.32  
24 (C.4:1C-11 et seq.), be based upon the total cost divided by the total  
25 acreage of development easement purchases on lands located outside  
26 of the pinelands area pursuant to the "Agriculture Retention and  
27 Development Act" in the counties of Atlantic, Burlington, Camden,  
28 Cape May, Cumberland, Gloucester, Ocean, and Salem, in the two  
29 years immediately preceding the year in which the application is made  
30 to the State Agriculture Development Committee. The bill also would  
31 require use of a similar formula for calculating the value of farmland  
32 in the pinelands area purchased under the fee simple acquisition  
33 program established pursuant to that act.

34 This bill is necessary because appraisers have been basing the  
35 appraisals of farm properties located in the pinelands area on the value  
36 of pinelands development credits. This appraisal method results in an  
37 underestimation of the value of farmland located in the pinelands area  
38 and, consequently, provides less incentive for the property owner to  
39 sell a development easement on the land or to sell the land in its  
40 entirety to the government.

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44 Prescribes method for appraising farmland in pinelands area for  
45 farmland preservation purposes.