ASSEMBLY COMMERCE, ECONOMIC DEVELOPMENT AND AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4229

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 2024

The Assembly Commerce, Economic Development and Agriculture Committee reports favorably, and with committee amendments, Assembly Bill No. 4229.

As amended by the committee, this bill would require the New Jersey Economic Development Authority (NJEDA), in consultation with the Department of Agriculture, to develop and administer a beginning farmer loan program to facilitate the acquisition, by beginning farmers, of agricultural land or agricultural improvements (i.e., improvements, buildings, structures, or fixtures that are suitable for use in farming and located on agricultural land), or of depreciable agricultural property (i.e., personal property that is suitable for use in farming and for which an income tax deduction for depreciation is allowable under federal law). Under the bill, a "beginning farmer" is defined as a person with a low or moderate net worth, as determined by the NJEDA, who wishes to engage in farming and has never farmed before, who has engaged in farming in the State for 10 years or less as of the effective date of this act, or who qualifies as a first-time farmer pursuant to 26 U.S.C. s.147(c)(2).

To qualify for and receive a loan under the beginning farmer loan program, an applicant would need to:

(1) establish that the applicant is a beginning farmer, as defined in the bill, and is a material and substantial participant in farming activities;

(2) be a resident of the State;

(3) propose to use the loan moneys to engage in the purchase of agricultural land, agricultural improvements, or depreciable agricultural property located in the State;

(4) have sufficient education, training, or experience to engage in the type of farming for which the loan is sought;

(5) if the loan is for the acquisition of agricultural land, have access to adequate working capital, farm equipment, machinery, or livestock;

(6) if the loan is for the acquisition of depreciable agricultural property, have access to adequate working capital or agricultural land;

(7) use the agricultural land, agricultural improvements, and depreciable agricultural property purchased with the loan moneys only for farming activities conducted by, or under the direction of, the beginning farmer; and

(8) satisfy any other criteria established by the authority.

The bill requires that an NJEDA-approved loan to a beginning farmer be issued pursuant to a loan agreement executed between the beginning farmer and the NJEDA. The loan agreement is to provide for the loan to bear interest at rates and terms deemed appropriate by the NJEDA, and may contain any other terms and conditions deemed by the NJEDA to be appropriate for the bill's purposes. The authority would further be authorized, either by regulation or through the terms of the loan agreement, to establish terms governing the incidence of default by a beginning farmer loan recipient. The bill also authorizes the NJEDA, at any time, to require a beginning farmer loan recipient to submit an audited financial statement in order to ensure the beginning farmer's continued viability. Lastly, the bill authorizes the NJEDA to participate in, or cooperate with, programs operated by the United States Department of Agriculture Consolidated Farm Service Agency, the Federal Land Bank, or any other federal or State agency, for the purposes of administering the beginning farmer loan program.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) clarify that, in order to be eligible to receive a loan under the beginning farmer loan program, an applicant must first establish their status as a beginning farmer, as defined by the bill;

(2) revise the definition of "beginning farmer" to mean a person with a low or moderate net worth, as determined by the NJEDA, who wishes to engage in farming and has never farmed before, who has engaged in farming in the State for 10 years or less as of the effective date of this act, or who qualifies as a first-time farmer pursuant to 26 U.S.C. s.147(c)(2);

(3) delete the existing definition of "low or moderate net worth," which provided for the term to be defined pursuant to Department of Agriculture rule or regulation, and, instead, require the NJEDA to establish, by rule or regulation, the maximum net worth that may be used to establish that a person has "low or moderate net worth," as necessary to qualify as a "beginning farmer" under the bill's provisions;

(4) insert a new definition of "beginning farmer loan program"; and

(5) make other technical changes to ensure clarity.