INTRODUCTION Land in active agricultural or horticultural use can be assessed for local property tax purposes on its productivity and soil capability values rather than its true market value. Productivity values are determined each year by the State Farmland Evaluation Committee. Eligibility for Farmland Assessment is determined annually by the municipal assessor in the taxing district where the farm property is located.

TO QUALIFY Land may be eligible for Farmland Assessment when:

- Land is actively devoted to agricultural or horticultural use for at least 2 consecutive years immediately preceding the tax year for which Farmland Assessment is requested.

- Land area actively devoted to agricultural or horticultural use is not less than 5 contiguous acres under a single unified ownership. **Appurtenant woodlands/wetlands cannot be used to reach the 5 acre minimum as it is not actively devoted**. Land under the homesite, i.e., farmhouse and such additional land used in connection with the farmhouse is also excluded.

- Gross sales, fees, or payments average at least $1000 annually on the first 5 acres, except for lands under a Woodland Management Plan where gross sales average at least $500 per year for the first 5 acres, and all acres over 5 average $5 per acre, except $0.50 per acre on woodland and wetland over 5 acres. Incidental income from the occasional sale of woodland or forest products from appurtenant woodland is not qualifying for Farmland Assessment purposes. For income from the sale of forest and woodland products to count toward the gross sales criterion, wooded areas must be under an approved Woodland Management Plan.

- Owners must apply annually with the municipal assessor for their taxing district on or before August 1st of the pretax year (the year immediately preceding the tax year.)

- For farm management units less than 7 acres, a descriptive narrative of agricultural or horticultural uses, a sketch of their location, and number of acres actively devoted is required.

APPLICATION FORMS Application for Farmland Assessment, Form FA-1, in duplicate, and Supplemental Farmland Assessment Gross Sales Form, FA-1 G.S., **must be filed with the municipal assessor on or before August 1st of the pretax year**. If non-appurtenant woodland is included in the acreage, then Woodland Data Form WD-1 must also be filed with the FA-1 and Supplemental FA-1 G.S. forms. Late or incomplete applications will be **denied**.

At the assessor's request, applicants must provide proofs of eligibility as to ownership, land area, farming activity and gross sales. Lands in **Farmland Preservation Programs** must still meet criteria and filing prerequisites of the Farmland Assessment Act to receive preferential reduced farm assessment.

An **extension of time** for filing an application up to September 1st of the pretax year may be granted if the assessor is satisfied that failure to file by August 1st was due to the owner's illness or to the death of the owner or owner's immediate family member. And a physician's certificate stating the owner was physically incapacitated and unable to file by August 1st, or a certified copy of the death certificate are filed with the assessor by the owner or by the executor/executrix of the owner's estate, respectively, along with Forms FA-1 and FA-1 G.S. "Immediate family member" means an owner's spouse, civil union partner, child, parent or sibling residing in the same household.

WOODLANDS *Non-appurtenant Woodland* qualifies for Farmland Assessment when in compliance with a Woodland Management Plan and meeting all statutory requirements as to income, acreage, years in agriculture, etc. and is neither supportive nor subordinate to other crop or livestock farmland.

Appurtenant Woodland is a wooded lot contiguous to, part of, or beneficial to a tract of land having at least 5 acres devoted to agricultural/horticultural uses, other than trees or forest products, and to which the wooded parcel is supportive and subordinate.
Appurtenant Woodland:

- May or may not contribute income to a crop or livestock farm;
- Contribute benefits to the farm such as lumber for fencing for on-farm use;
- Protect from wind and soil erosion;
- Create a buffer area for the farm from neighbors.

WOODLAND MANAGEMENT PLAN Owners of non-appurtenant woodland are required to develop a Management Plan usually drawn up by a professional forester which must be approved by the NJ Division of Parks & Forestry in the Department of Environmental Protection. A copy of Form FA-1, Form FA-1 G.S., Form WD-1, activity map, and Woodland Management Plan must be submitted to the municipal assessor and the Regional Office of the NJ State Forestry Services that serves the county in which the property is situated. The NJ State Forestry Services Regional Offices are listed on the NJ Department of Environmental Protection's website:
http://www.state.nj.us/dep/parksandforests/forest/njfs_regional_offices.html

ROLL-BACK TAXES Roll-back taxes are assessed if land use changes from an agricultural/horticultural use to a non-farm use. Roll-back tax is the difference between the amount assessed for qualified farmland and the amount assessed for non-farmland in the taxing district. The tax is not applied when ownership of farmland changes-provided the new owner continues to devote the land to agricultural/horticultural uses. Cropland, woodland or livestock farming having haphazard, i.e., no planned activity may lose Farmland Assessment as not actively devoted. Loss of Farmland Assessment for inadequate or under devotion during the tax year does not automatically result in roll-back as a change in use. Roll-back taxes are applied for the year the change takes place and the two previous tax years, provided the land was farmland assessed during that time. Roll-back taxes become a lien on the land from January of the year in which the roll-back judgment of the County Board of Taxation is rendered.

NOTICE OF DISALLOWANCE AND APPEAL Assessors must, on or before November 1st of the pretax year, notify the landowner of any disallowance for Farmland Assessment. The Disallowance Notice must set forth the reason(s) for denial and inform the applicant of the right to appeal to the County Board of Taxation, on or before of the tax year. Judgments of the County Board of Taxation may be appealed to the State Tax Court within 45 days of the date of the judgment. The original omitted assessment procedure at N.J.S.A. 54:4-63.12 et seq. is to be applied to all roll-back taxes.

BOARDING, TRAINING, AND REHABILITATION OF HORSES AND OTHER LIVESTOCK Farms with acres devoted to boarding, training, or rehabilitation of horses and other livestock qualify for Farmland Assessment only if they are contiguous to at least 5 acres that independently qualify for Farmland Assessment. The 5 acres must meet the minimum income for the acreage independent of the income from the boarding, training, and rehabilitation of the livestock, as well as meeting all the other criteria to receive Farmland Assessment. The 5 acres may be devoted to breeding, raising, or grazing livestock for independent qualification. Only then can the boarding, training and rehabbing area qualify.

FARM BUILDINGS All farm buildings and structures used for agricultural/horticultural purposes are taxable as real property, even though the land underneath them qualifies for Farmland Assessment. They are valued, assessed, and taxed by the same standards, methods, and procedures as any other buildings and structures in the municipality.

The Farmland Assessment Act does provide an exception for "single-use agricultural or horticultural facilities." These structures must be employed in farming operations, used for storage or growing and designed or constructed to be readily dismantled and sold separately from the farmland and buildings, such as temporary, demountable plastic covered framework made of portable parts with no permanent understructures or related apparatus, known as seed starting plastic greenhouses, or other readily dismantled silos, greenhouses, grain bins, manure handling equipment, and impoundments. This exemption **does not apply** to structures that enclose spaces within their walls used for housing, shelter, or working, office or sales space, whether or not removable.

MIXED-USE PROPERTIES GROSS SALES MINIMUM If a farm contains acres devoted to both traditional agriculture and/or horticulture and acres under a Woodland Management Plan, the Gross Sales criterion is determined by the number of acres devoted to traditional agricultural/horticultural use.

Farms with **at least 5 acres** devoted to traditional agricultural/horticultural use must produce a minimum of $1000 in annual gross sales for the first 5 acres. This applies even if the acres under the Woodland Management Plan outnumber the acres devoted to traditional agriculture/horticulture. If a mixed-use farm has **less than 5 acres** devoted to traditional agricultural/horticultural use, the property must produce a minimum of $500 in annual gross sales for the first 5 acres.

This does not apply to appurtenant woodlands/wetlands, as those acres can only qualify for Farmland Assessment if they are contiguous to 5 acres that independently qualify.

RENEWABLE ENERGY INSTALLATION ON FARMLAND ASSESSED PROPERTY Land under Farmland Assessment where renewable energy systems are installed may continue to qualify for Farmland Assessment if the following conditions are met:

- Renewable energy system must be on lands that were part of the agricultural/horticultural operation in the previous year and in the current year;
- Power or heat generated by the renewable energy system is used for the farm or agricultural/horticultural operation supporting the farm's viability;
- Property owner receives approval from the soil conversation district;
- Ratio of acreage devoted to renewable energy systems vs. agricultural/horticultural operations does not exceed 1 to 5, i.e., 1 part renewable energy to 5 parts devoted to agriculture =1/6 or .167 rounded to .17 of the Farmland Assessed acres;
- Renewable energy systems are installed on no more than 10 acres of land eligible for Farmland Assessment and no more than 2 megawatts of power are generated on 10 or fewer acres;
- No income from the renewable energy system may be considered income toward gross sales criteria for Farmland Assessment, but there is no income restriction for renewable energy property itself;
- Property under solar panels should be used for shade or similar crops or grazing pasture, when practical;
- Property owner obtains approval from Agriculture Department, if energy is biomass;
- Renewable energy systems in pinelands area are subject to the "Pinelands Protection Act," Public Law 1979, chapter 111.

FOR MORE INFORMATION

Authorization for NJ's preferential Farmland Assessment is via State Constitutional amendment, the Farmland Assessment Act of 1964, administrative rules issued by the Director of the NJ Division of Taxation, and the NJ Department of Agriculture's guidelines for generally accepted agricultural and horticultural practices. (NJ Constitution, Article VIII, Section 1, Paragraph 1b; N.J.S.A. 54:4-23.1 et seq. as amended; and N.J.A.C. 18:15-1.1 et seq.)

Questions concerning Farmland Assessment may be directed to the municipal assessor of your taxing district. Contact information for assessors is on the Division of Taxation's website: http://www.state.nj.us/treasury/taxation/lpt/aaddr.shtml.

Form FA-1, Form FA-1 G.S., Form WD-1, and Form A-1: http://www.state.nj.us/treasury/taxation/prntlpt.shtml.

The agricultural/horticultural practices guidelines for Farmland Assessment: http://www.state.nj.us/treasury/taxation/pdf/lpt/2016AcceptedAgGuidelines.pdf.

The NJ Dept. of Agriculture: http://www.nj.gov/agriculture/

The NJ Dept. of Agriculture's Farmland Assessment overview: http://www.state.nj.us/agriculture/divisions/anr/pdf/farmlandassessmentoverview.pdf

The NJ Dept. of Environmental Protection: http://www.nj.gov/dep/

The Rutgers Cooperative County Extension Offices: http://njaes.rutgers.edu/county/

New Jersey's Farmland Assessment Program

Division of Taxation
Property Administration

11/16