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# *Committee Meeting*

of

## SENATE ECONOMIC GROWTH COMMITTEE

*“The Committee will receive testimony from invited guests concerning the state of agriculture and the economy in New Jersey”*

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** December 15, 2022  
10:30 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Senator Nilsa I. Cruz-Perez, Chair  
Senator Shirley K. Turner  
Senator Kristin M. Corrado  
Senator Joseph Pennacchio



### **ALSO PRESENT:**

Christina Denney  
*Office of Legislative Services*  
*Committee Aide*

Erika Nava  
*Senate Majority*  
*Committee Aide*

Julian Haag  
*Senate Republican*  
*Committee Aide*

*Meeting Recorded and Transcribed by*  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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Nilsa I. Cruz-Perez  
Chair

Troy Singleton  
Vice-Chair

Shirley K. Turner  
Kristin M. Corrado  
Joseph Pennacchio



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**COMMITTEE NOTICE**

**TO:** MEMBERS OF THE SENATE ECONOMIC GROWTH COMMITTEE  
**FROM:** SENATOR NILSA I. CRUZ-PEREZ, CHAIRWOMAN  
**SUBJECT:** COMMITTEE MEETING - DECEMBER 15, 2022

*The public may address comments and questions to Joseph A. Pezzulo, Committee Aide, or make bill status and scheduling inquiries to Carla Novatkoski, Secretary, at (609)847-3840, fax (609)292-0561, or e-mail: [OLSAideSEG@njleg.org](mailto:OLSAideSEG@njleg.org). Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**The Senate Economic Growth Committee will meet on Thursday, December 15th, 2022 at 10:30 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

**The Committee will receive testimony from invited guests concerning the state of agriculture and the economy in New Jersey.**

Issued 12/8/22

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**SENATOR NILSA I. CRUZ-PEREZ (Chair):** Good morning, everyone. I want to welcome everyone on this not-so-nice weather, but at least we don't have the horrible weather yet here.

Welcome to the Committee this morning. This morning, we are not going to entertain any proposed legislation, any bills. We will take testimony on a very important topic.

But, before we start the meeting, I would like to have roll call, please.

**MS. DENNEY:** Sure.

Senator Corrado.

**UNIDENTIFIED SPEAKER:** She's here.

**SENATOR CRUZ-PEREZ:** She's here.

**MS. DENNEY:** OK.

Senator Pennacchio.

**SENATOR PENNACCHIO:** Here.

**MS. DENNEY:** Senator Turner.

**SENATOR CRUZ-PEREZ:** She's on her way.

**MS. DENNEY:** OK.

Vice Chair Singleton -- absent.

Chair Cruz-Perez.

**SENATOR CRUZ-PEREZ:** Present.

**MS. DENNEY:** OK.

**SENATOR CRUZ-PEREZ:** So, we will have a quorum--

**MS. DENNEY:** We have a quorum.

**SENATOR CRUZ-PEREZ:** Let's start.

I would, again, welcome everyone this morning.

The Senate Economic Growth Committee will hear from experts and farmers on the topic of agriculture and the economy. Agriculture is an important sector of New Jersey's economy, and sometimes overlooked. Farms in New Jersey sell \$1.1 billion of products every year. New Jersey farms keep food on the table; provide beautiful flowers; and host great events throughout the year.

This morning, we will hear on the status of the agriculture sector -- the challenges, the successes, and the future of the sector, and, hopefully, we can come up with good legislation to keep protecting this industry and make it better.

So, Senator Pennacchio, could you lead us in the Pledge of Allegiance?

SENATOR PENNACCHIO: Sure.

SENATOR CRUZ-PEREZ: I should have done that before, sorry.

(Pledge of Allegiance recited)

SENATOR CRUZ-PEREZ: This morning, we have a list of people who are going to be testifying. And, I understand that Secretary Fisher is in the audience.

**D O U G L A S H. F I S H E R:** Yes.

SENATOR CRUZ-PEREZ: Oh, my friend. My great ex-colleague, come forward.

I am so glad you were able to make it.

MR. FISHER: I'm so glad to see you.

SENATOR CRUZ-PEREZ: I can't wait to see him. I'm just excited.

So, good morning.

MR. FISHER: Good morning; good morning, Senator -- Chair.

SENATOR CRUZ-PEREZ: It's so great to see you.

MR. FISHER: Thank you.

SENATOR CRUZ-PEREZ: From the good times in the Assembly to our Secretary of Agriculture.

Can we read his bio, please?

MS. DENNEY: Sure.

Douglas Fisher is the Secretary of Agriculture. Mr. Fischer has been the Treasurer of the National Association of State Departments of Agriculture; President of Food Export, Northeast; and President of the Northeast Association of State Departments of Agriculture.

In 2014, he was awarded the Thomas W. Kelly New Jersey Food and Council Government Service Award. In 2010, he received an honorary American FFA degree. In 2009, he was given the South Jersey Freeholders Southern Star Award. In 2008, he was named the "Legislator of the Year" by the New Jersey Nursery and Landscape Association. And, in 2005, New Jersey Farm Bureau named him "Legislator of the Year."

SENATOR CRUZ-PEREZ: Just to make you understand: His bio is really big, and we don't have all morning for that, so we're trying to summarize.

But, thank you so much for coming this morning and being able to be here with us.

MS. FISHER: Thank you, Chair, I really appreciate it.

And, when you read all that, I felt like I was going to get buried. But, thank you; thank you for the remarks and the bio and the friendship

that I have with all of you, and, having served in the Legislature for seven or eight years, I know that we've had some great relationships working together, and it's always been that way.

So, first, I'd like to say that I want to thank the Committee and the staff, and of course the Chair, and members of the Committee, for facilitating this discussion on the conditions that are affecting this present state of agriculture in the state.

And, they're based on many factors. Some are under our ability to affect. But, others are actually beyond our reach, when we talk about matters of international trade, as an example. It's important, though, that we all understand the problems facing farmers in our state. But, also, the opportunities -- and they are there -- to make adjustments and investments to help assure the success of the ag. community in the Garden State.

And, you know, Senator, when you mentioned the \$1.1 billion -- that's just at the farm gate. It is billions more dollars, in terms of the economy, and how it expands outward. And, actually, agriculture and food together become the third-largest sector in the state when you combine those two. So, it has meaningful impacts, in a lot of ways, on the economic scene.

And, as we are here today, communication with all of you is key. And, it has always been evident -- always -- that the Legislature cares, and that you have demonstrated over and over again that intention, in bringing forth bills that spring from both houses.

I want to thank Farm Bureau for helping to arrange bringing real farmers who -- their livelihoods depend on the lands that they plow. They're here today, and they bring us an amazing array of farm products that are

known not just in our state as “Jersey Fresh,” and other products -- and nursery products -- but around the country.

They are coming here today -- this is what’s really so valuable -- to express their thoughts on the various states of agriculture, and the special circumstances that they must deal with. Some are universal to their sector, but others are peculiar to one particular commodity group. Sometimes, one sector can fare quite well in a season, and another sector can be severely hit. For instance, vegetables have been a big concern. And, yet, we all know that we’re all trying to get fruits and vegetables into our schools; into our underserved areas; into, just, food deserts -- into so many areas -- and there are areas that we want to work on together with the Legislature. And, you have. You’ve done some bills, and made some appropriations that have been extraordinarily helpful. Sometimes, though, the legislation -- just a bit -- can miss the mark. And, so, obviously, that it was so obvious when it was fashioned that it had absolutely the best of intention.

So, really, what I came here today was for two reasons: One, I wanted to see all of you, and say hello; two, I wanted to say that I think you’re going to hear some really important information from the people who do this -- who are in this -- where the Legislature can help. Governor Murphy has demonstrated his support, and as well as I came here today to tell you -- to assure you -- that the Office of the Secretary wants to be and *will* be a continued resource.

And, if you desire -- and if it’s helpful -- that before a bill is dropped, anybody that is fashioning a bill-- As I said, I know that, universally, we heard over and over again that the Legislature wants to help. But, sometimes there can be just one little thing. I’ll give you an example:

There's one that was just fixed, it's about invasive plants and trying to figure out how to control invasive plants. And, we have some nurseries in the state that sell and promote those plants. But, they have been made sterile through propagation methods, which means they can't spread, which means they're really not invasive. So, those are the kinds of little tweaks that I'm just suggesting if, you know -- if anybody wants to, please feel free to talk with us.

And, once again, I thank you all for allowing us to come here. We have Brian Schilling from Rutgers; Farm Bureau is going to speak; the farmers are going to speak. And, I think it's going to be really enlightening.

So, thanks -- thank you again.

SENATOR CRUZ-PEREZ: Thank you, Mr. Secretary.

Does anybody have a question for the Secretary? (no response)

Well, thank you so much for your testimony. One of the things -- and, you and I had this conversation when we toured that little farm in Lawnside--

MR. FISHER: Fair Haven?

SENATOR CRUZ-PEREZ: --it was a small town, and they had -- and that was great.

MR. FISHER: Yes.

SENATOR CRUZ-PEREZ: And, still to this day, my concern is the many food deserts that we have, especially in, like, let's say Camden City for example, that I represent. The lack of -- when you go to the little bodegas, the lack of fresh products in the bodega is something that really breaks my heart. Because, sometimes, for someone who used to live in the city, who used to send the kids to the corner store to buy -- because I was in so many

meetings -- and I say, "Go over there and buy," they would always come with stuff that was not really fresh products, because they didn't have a lot available.

I know we are working on that; we have done some good projects to provide that kind of products in the store. But, the partnerships between those stores and the farms are crucial. So, hopefully we can continue that conversation, and we can continue to move forward.

Yes, Senator Pennacchio.

MR. FISHER: Can I comment on that first?

SENATOR CRUZ-PEREZ: Yes.

MR. FISHER: So, I appreciate that. And, I will tell you, yes, we're all working on that.

And, one of the things that's-- As you know, I was a grocer for 30 years, too, because I was in this business of agriculture. And, it's all about demand and education, right? So, we try to expose the kids to some of the fruits and vegetables through the school, with farm-to-school. Some don't even realize in certain areas of the state that we even grow these products on our farm.

But, then when we begin to build demand, and they actually -- you'll find that the younger generation will go home and talk to the older generation, and they start asking for these things. And, then, as I said, you build demand. Because just putting it on a shelf somewhere isn't enough; there has to be demand. And, that's what we're working for as well.

SENATOR CRUZ-PEREZ: Thank you so much.

Senator Pennacchio.

SENATOR PENNACCHIO: Thank you, Madam Chair, and welcome, Mr. Secretary.

Just one global question. There's been some concerns in the heartland that the Chinese are buying up a lot of that farmland. Should we be concerned about that in New Jersey? Is any of that happening over here?

MR. FISHER: Well, we know that there are farms that are being bought. I don't know that we're concerned. What we-- I don't know that we concern ourselves with who owns them, as much as they are being farmed, and they're in our midst.

So, I haven't really heard it as a constant threat in our state as it is, as you said, in the Midwest where they're buying huge, huge operations. And, others can probably comment on that better than I can. Farm Bureau will give you some information that I really don't have.

So, I don't provide answers; I don't have an answer. I have not been confronted that said that people are really concerned that we're losing our farms to the -- to Asia.

SENATOR PENNACCHIO: OK, thank you.

MR. FISHER: Thank you.

SENATOR CRUZ-PEREZ: Thank you.

Senator Turner.

SENATOR TURNER: Thank you, Madam Secretary -- Madam Chair. And, thank you, Mr. Secretary, for being here with us today.

I have a couple questions. One, I guess, in regard to saving many of the precious farms that we have in this state, to make sure that we continue to be known as the Garden State.

I think in other parts of the country, I have heard where these solar farms are taking a lot of valuable farming space. Is that occurring here in New Jersey, as well?

MR. FISHER: Well, there was an attempt by several solar operators to take some really prime farmland, and, in some areas of the state, they were able to push back. For instance, in Salem County, there was a huge operation where they pushed back and said, "We want to make sure that our land is being farmed and not just there for solar."

We, in the Department, also have been saying, "Look. Solar is the clash of public policies. We want solar, and we want to be energy independent, but, also, you don't need to do it on prime farmlands." So, we're doing some studies -- Rutgers can talk to you about it -- we're doing some studies where they can have all forms of farming, and still be able to have solar as an income source, but not lose the ability to raise or grow crops -- or livestock, for that matter.

So, yes, it's a big concern, and I know that we work very much with the BPU to make sure that they understood it, and it is something where we are advancing exactly what you're talking about, to make sure that that does not happen.

SENATOR TURNER: OK, thank you.

And, the other question I have regards a farmer who brought it to my attention that New Jersey does not have a program such as Pennsylvania, in terms of helping to continue the vitality of our farms. And, they provide grants to those farmers who are going to be able to look into the future and plan for the vitality of their farms by providing reimbursement to them for professional help.

Are you aware of any such program in New Jersey that will help our farmers continue farming in the future?

MR. FISHER: Well, the SADC is doing a complete look at the programs to see if they're able to use some of these monies to do some of that through the SADC -- State Ag. Development Committee. And, you know, they're celebrating their 40<sup>th</sup> anniversary this next year. And, this is one of the areas that they're looking at.

But, we don't get money. We do not get money, as you're speaking of, directly to be able to do that. Could we? Absolutely. Do we get appropriated that? No. And, Pennsylvania does. So -- and other states as well.

So, that's up to what you all and the Governor come up with. But, we absolutely would love -- and I think we could be extraordinarily effective in doing some of that work, to give new and beginning farmers -- and, farms, you know -- the opportunity to have continuity. The average age of a farmer is in the 60s. I think it's around 60; the next generation is coming on.

There's a lot of excitement, though, I will tell you. There are a lot of people who are leaving the corporate world and actually do want to be farmers. But, obviously, they need a lot of help -- some more than others, because some have more resources than others. I can speak to you where there's some farms that are starting up right now that they have the capital, and they're going to change and shift what they're growing in order to adjust to a changing dynamic in the marketplace.

SENATOR TURNER: Right. I know I have seen you at one of the farms in my district, where they have educated -- these farmers have

college degrees -- and they have educated their children, they have gone onto college, and they have come back to continue working on the farm. And, I think that's what we have to do more of to encourage future generations if we're really going to keep the garden in the Garden State. Because we don't want to see our farms disappear.

MR. FISHER: Thank you, Senator. Always great to work with you.

SENATOR TURNER: And, I did introduce a bill -- I did introduce a bill to provide those kinds of grants to those farmers who want to continue being innovative, to ensure the vitality of their farms.

MR. FISHER: Right.

SENATOR TURNER: So, you would be amenable to--

MR. FISHER: Absolutely.

SENATOR TURNER: OK.

MR. FISHER: And, innovation -- innovation is one of the capstones of this state, in terms of what we do. And, farming, there are many opportunities for innovation. To the point that there are drones that go down and fly over fields, and they'll only put insecticides or pesticides only where it's needed, and it saves enormous amounts of money for the use of those chemicals, and, also -- so, it's environmentally brilliant, but it's obviously expensive.

But, those innovations fall hand in hand with all of that, as well.

SENATOR TURNER: And, one other question regards personnel.

I know every business now is having problems with staffing their personnel needs. Do we see that happening here in New Jersey, as it relates to farming?

MR. FISHER: Well, you know that farmers are probably some of the most resilient people on the planet. And, yes, there have been areas -- there have been times when they just couldn't get enough help to either pick a crop, or they couldn't get enough help to sell it at certain places.

But, I would say that it's -- there are certain programs like H-2A, they're looking for more expansion in the H-2A program; H-2B. But, yes, I mean, they can't-- I wouldn't say no, there's not been difficulty. But, it's not so critical that we didn't -- farmers weren't able to conduct business.

SENATOR TURNER: OK, thank you.

MR. FISHER: Thank you very much, all.

SENATOR CRUZ-PEREZ: Anybody else? (no response)

Mr. Secretary, thank you so much for your testimony and your input.

And, you're absolutely right. As we put legislation forward, we need to discuss with an expert so what we put forward is what is needed and what makes sense.

So, thank you so much for your input this morning. It's great seeing you, sir.

MR. FISHER: Same here. Thank you; thank you all.

SENATOR CRUZ-PEREZ: The next person who is going to be testifying is Dr. Brian Schilling. Could you come forward?

Good morning, Dr. Schilling, how are you doing?

**BRIAN J. SCHILLING, Ph.D.:** Very well, thank you.

MS. DENNEY: Dr. Brian Schilling is the Director of the Cooperative Extension of New Jersey Agricultural Experiment Station at Rutgers University; an Associate Extension Specialist in Agricultural Policy in the department of Agricultural, Food, and Resource Economics; and is an Agricultural Policy and Associate Professor at Rutgers University.

Dr. Schilling's expertise is in New Jersey agricultural policy and land-use policy. Dr. Schilling graduated from Rutgers University with a Bachelor of Science degree in Natural Resource Management and Applied Ecology; a Master of Science degree in Agricultural Economics; and a Ph.D. in Planning and Public Policy.

DR. SCHILLING: So, all that to say, I haven't gotten very far because I'm still at Rutgers. (laughter)

Good morning, and, Madam Chair, honorable Committee members, thank you so much for the opportunity to speak with you.

Senator Turner, you queued up a wonderful question about the vitality of agriculture, and I think some of my remarks this morning might be useful to that point.

I actually really want to applaud the Committee for holding this hearing. And, this is not just pleasantries and formalities. The industry right now is facing a lot of struggles, a lot of challenges. Secretary Fisher, my good friend, pointed to many of them, and you're going to hear more depth from some of the growers in this state.

And, the number of times throughout the history of this state the grower community, the agricultural leadership, the university, and the legislative leadership have come together and done great things. So, I would like to give you a little bit of a perspective of what that mobilization has

looked like in the past and what we're looking at now to address some of these critical issues.

Secretary Fisher has a way of getting to the point pretty quickly. And, one of the things that I hear him say frequently is we can't focus on doom and gloom. And, this morning is not about doom and gloom. It's about challenges, but it's also about looking at opportunities to address them. And, the one thing -- I'll start with my ending point, and then I'll justify it and work backward.

Agriculture right now is probably facing some challenges that are as significant as they've been in a generation or more. And, I'll touch on some of what that looks like. But, the good thing is that agricultural decline in New Jersey is not an inevitability; we can do something about it. And, that's where I'd like to put some of my comments, toward that point.

So, Secretary Fisher stole one of my words -- that's OK, though. Farmers are remarkably resilient; they're adaptive; they're innovative; they're tenacious. They grow some of the best -- this is not Rutgers, this is my personal opinion -- some of the best products in the country are grown right here in New Jersey. At the same time, I said earlier, my words of thanks to you were not just simply ceremonial. The Legislature in New Jersey, and gubernatorial leadership since the 1950s and '60s, have been at the forefront nationally in supporting agriculture: World War II; times of prosperity; people moving out from urban areas to rural areas. The pressures on agriculture were magnificent. Costs going up; land going down, all these types of things.

So, what did we do? The Legislature, in its wisdom, said, "We need to help farmers afford their farmland and property taxes." So, you

passed a law in the late 1950s-early 1960s, called Farmland Assessment -- or something similar -- to give tax breaks to farmers. Do you know what the problem with that was? It was unconstitutional. So, we fixed it. We opened up the constitution to allow farmers or owners of qualified farmland to get a "tax break." Why? Because we had the wisdom to see that it was necessary to keep agriculture in this state.

I can point to other times -- I think Erika, I think you've provided the briefing document, with my gratitude, thank you. I outlined a few things where this industry has come together, working with the university and the Legislature, to come up with some bold ideas. Farmland preservation, right-to-farm protections -- some of the strongest programs in the entire nation are here in New Jersey. These came out of the mobilization of the industry, the ag. leadership, the university, and the Legislature.

And, where I position my remarks, ma'am, is I believe we're at a time now where we need to come together and do something similar. Senator Turner, you used the term "vitality." I am, today, going to use the word "viability," but it's the same exact premise. So, if we look at some of the issues that are affecting agriculture right now -- and, you're going to hear about this from people who are living it -- they're substantial. We are seeing prices -- particularly in wholesale sectors -- that have been flat. If you're in business you know flat means you're losing. We're seeing price inflation -- which, you're going to hear stories today that I'm sure will be shocking. I think of one large farm down south that, over July -- July '21, they spent about \$30,000 in diesel on irrigation. This year, it was over \$70,000. Prices were flat. That all comes off of the bottom line; they don't make it up.

You're going to hear more about fuel and fertilizer going up by more than 100, more than 200, sometimes 300%; they're not making it up. There are stories down south of produce growers who will pay \$2.80 to \$3.20 for a box, fill it with produce, and not get that money back. They're selling that box for \$3 or \$4. So, one of the things that's occurring this year that I'm sure many in this room have seen is product getting turned over in the ground, or rotting; not being harvested; not being sold. I find it -- just as a bit of a side note, to some of the points, Madam Chair, that you were speaking about -- we have people in need that don't have food, and we're not able to get it to market. One of the things that I'll impress upon you is if you put a dot in the middle of the state and go out 100 miles and make a circle, we'd have a 10<sup>th</sup> of the U.S. population with more than \$1 trillion of purchasing power. We've got to figure this out, folks -- how to keep product that our growers grow in that market.

Other issues -- supply chain. You're going to hear Mrs. Etsch speak. I'm quite friendly with the family, and her husband was pursuing a part for a piece of equipment that broke down during harvest. There was *one* in the entire national supply chain for a major, major international equipment dealer. Imagine that: Some simple repair couldn't be done because of supply-chain issues during harvest.

Market access; labor costs, as the Secretary was asked about. Senator, I look at you again, and I know we've been at one of your constituents, and you've heard all about wildlife depredation. This year drought; last year flooding. New pests and disease and weeds that are coming in that even we -- our extension specialists and agents -- haven't seen before,

are coming into the state. Growers can't wait to deal with these issues, they have to deal with them as it's damaging their crops.

And, we can go on about climate issues, which are, really, increasingly part of the discussion.

So, as I said, I don't think that the decline in agriculture by any means is inevitable; we can do something about it. But, I wanted to share with you a perspective on the urgency. So, I think during opening comments we heard a little bit of an overview. We have about 9,900 farms operating about 730,000 acres of land and producing \$1.1 billion. Here is something that lends a little urgency: If you look at it, the 104 largest farms in New Jersey produce half of that volume. Three hundred-eighty-three of the largest farms produce 75% of that volume.

If you think about an industry and a tipping point, how many of those big farms can we lose before we lose the agricultural character in many parts of our state? The willingness of new people to come into the industry because they don't see a future; supply chains. We talked about supply chains -- why would suppliers locate here? We're losing some of those farms due to economic hardships. So, the time to act is really now.

So, a few remarks I'll share with you that are reflected in the briefing memo. I want to be abundantly clear that we're not only talking about the larger farms. All farms -- different scales, different commodities, different reasons people farm from economic benefits to lifestyle benefits -- it's all part of the equation.

I look at the smaller farms -- \$10,000 in sales a year. Well, why should we worry about them? One hundred and seventy-one thousand reasons I can give you: 171,000 acres of farmland are operated by these small

farm operators. Many of the larger farms lease ground, but they still contribute to the landscape and the economy of agriculture. So, we're looking at this industry in totality, but saying, "There's a tipping point where we really have to be mindful of some of these larger farms that are struggling."

So, I'll share with you in my closing few minutes here, what are we doing? Much like this happened in a number of times throughout recent decades, the industry is coming together with the university, with growers from across the state, to look at the issue of farm viability. And, what we are looking at is a process where, Number 1, I believe before you tackle a problem you've really got to kind of understand it pretty well.

So, we're looking at the factual basis of where we are. What's the industry look like? What are the trajectories? What are some of the reasons that we're seeing some of these challenges? So, we're working at that right now, back at the New Jersey Ag. Experiment Station, where I have responsibilities.

But, also -- I'm sorry to keep picking on you, Senator Turner, but we've spent some time together, and perhaps others have heard something that came out of work that we did as an extension of Farm Bureau's efforts to look at deer damage in New Jersey. One of the things that I think has really echoed in this hall: "Deer eat 25% of my paycheck." Can you imagine that? You've heard this from growers in Mercer County and Hunterdon. "Deer eat 25% of my paycheck." You're not getting that money back.

So, what we're trying to also do in this situation is actually not only come with the facts and figures, but the stories, the perspectives, the experiences, some of which you'll hear today from the agricultural community. I think they speak louder, sometimes, than data. And, where

this will culminate is coming up with a commission that, like we have done in the past, is try to come up with an actionable set of strategies for promoting farm viability or vitality. What this looks like, we're still formulating, but I'll share with you in a few final remarks, some of the buckets or issue areas that we are seeing as critical.

Innovation. This industry innovates. They innovate with the assistance of Rutgers and other agricultural support infrastructure with technology and modernization. What we're seeing in some cases -- I heard the issue of labor being inquired about -- it's expensive and it's uncertain and it's difficult to obtain too frequently. What can we do through technology? I'll tell you, there's things that we're talking about within the land grant university system that I never in my career thought I'd be talking about: artificial intelligence; machine learning; things in count with technical production and disease diagnosis to the management of farms. It's a brave new world emerging.

Improved cultural practices. At the University, we have to do work sometimes 10 and 20 years in advance, such as in breeding programs. Cranberries is a major industry. We're at the southern end of the production region, nationally, where cranberries are. We're starting to see heat pressures in the summer really taking its toll. We need breeding programs to help breed varieties that do better in this climate.

Land access; market access; resource conservation; climate resilience; farm management and succession of one operation from the older generation to the newer generation, giving pathways to new people who are energetic with ideas to come into the industry and give them a fighting chance.

So, I'll close with these last few sentiments. I really do believe that now is the time to act in support of agriculture in its future current viability. And, I don't think I have to -- after hearing, Madam Chair, your comments, and some of the other Committee members -- I don't need to convince you, but I'll give my best shot anyway.

Why do we do this? Why do we need to do this? If you look at what a strong, vibrant agricultural industry gives the state: local food production; food security. It helps us with resource conservation and stewardship climate resilience; cultural heritage; open space; and, I could go on and on and on.

But, I'll end with, it's also about the economy and jobs. I heard the comments, Secretary Fisher, saying the economic importance of agriculture. The net contribution to this economy is more than \$2 billion, tens of thousands of jobs, and it's also a lifeline sector. We need food; we need fiber.

So, I will just simply say that we've had a history here in New Jersey working together, partners coming together around a common interest in agriculture. I think we need to do it now, and I really, truly thank you for the time to speak this morning.

And, I do apologize Madam Chair and Committee members, I will probably step out before the end of the Commission because I have an obligation on campus. But, I'm always available and at your disposal.

Thank you.

SENATOR CRUZ-PEREZ: Thank you so much, Dr. Schilling, for your remarks and your comments.

I do have a question for you. How can research and support from Rutgers make a difference in the future viability of New Jersey farms?

DR. SCHILLING: From a Legislative perspective?

SENATOR CRUZ-PEREZ: In general.

DR. SCHILLING: So, actually, I think there's a couple answers.

So, one, as we've seen in the past, the idea of farmland preservation -- which is something many of us talk about and are familiar with today -- was a pretty new and novel concept, at one point, right? It really started emerging in the '70s and '80s. So, I think there will be a legislative agenda. I don't know necessarily what it will comprise, but when I look at some of the issues that I talk about, helping the farm industry modernize -- helping provide pathways for expansion of existing farms and new farmers coming in -- I think it's going to be a combination of things.

We have had, in the past -- and, I think Mr. Hlubik may or may not speak to this point -- but we've had programs in the past where the State has invested in the training of farmers to do new technologies and new cultural practices. And, what I was trying to say, Madam Chair, is investing in agriculture is investing in many interests in the state. We worry about climate and resource conservation. Agriculture has a big role in advancing some of those objectives.

So, we have to find opportunities to maybe invest in this industry or facilitate the adoption of these technologies. I also take full ownership that your state university is a land grant. We have an experiment station; we have Cooperative Extension, which is under my responsibility. We need to learn and adapt to what some of the needs are. And, the things that we are doing today are similar in some ways, and very different from 30 years ago

when I started. And, in some cases, I think there's tweaks to existing programs and policies. Maybe reorientation of resources or mission within existing frameworks.

Secretary Fisher talked about the State Agriculture Development Committee. It has authorized and created, in statute, under the joint adoption of the Right to Farm Act and the Agriculture Retention and Development Act. So, we contemplated even in the '80s and the precursor to these legislations that it's not just simply preserving the land, it's protecting and building the industry.

So, I think there could be some policy refinements there as well.

SENATOR CRUZ-PEREZ: Thank you, Dr. Schilling.

Does anyone have a question for Dr. Schilling?

Senator Pennacchio.

SENATOR PENNACCHIO: Secretary left; that's the doctor.

Good morning, Doctor.

DR. SCHILLING: Brian, please.

SENATOR PENNACCHIO: OK.

You had mentioned 171,000 acres. That's farmland assessment: the Bongiovis, the Springsteens -- perhaps the Trumps. They get a break on their property for growing, what, hay? Christmas trees? Do we have a breakdown of exactly why they get breaks on their property?

Because, ultimately, we give them breaks for growing Christmas trees -- a minimus amount of Christmas trees -- and hay. It's actually going to wind up hurting the industry itself, the real farmers. Don't you think?

The amount that they have to sell, even after the law a number of years ago, is still not an awful lot.

DR. SCHILLING: So, I'm quite familiar with farmland assessment, and kind of an interesting piece of trivia there is the word "farmer," interestingly, sir, doesn't even appear in the statute. It's about the qualification of the land, and one of the things that is interesting -- and, I've thought about this quite extensively -- to answer your first question, the 171,000 acres, the numbers that I was sharing with you come from the USDA's Census of Agriculture.

The farmland assessment issue is an interesting one. I think it's a cornerstone of policy that allows us to have agriculture here, and I would say, in many instances, the land that is owned by folks who don't primarily farm it goes into leasing arrangements with many other bigger farms. And, some are actually in the room today, as an example.

So, it's not uncommon to look at some of the folks who have wealth or, you know, kind of visibility that get these preferential tax benefits. Where I would draw the line personally is with, you know, compliance with the law. And, we've cleaned that up a little bit over the years from what I've observed in the state.

But, to answer your question, in the 171,000 acres, it would be anybody who's qualified under the USDA as a farm. Yes, that would include a lot of the farmland-assessed acreage that you're referring to, irrespective of who owns it. But my experience is that -- I forget the exact number -- but a substantial 40% or so of the land farmed in New Jersey is actually leased into operations from some of these smaller landowners.

SENATOR PENNACCHIO: My concern again, Madam -- I'm curious -- not who owns it, but how much they actually produce. And, I don't--

DR. SCHILLING: The production standard--

SENATOR PENNACCHIO: --I don't want to see anybody gaming the system, because the entire state is suffocating under property taxes, so we want them to pay their fair share. If they can do that through leasing their farms and not getting away with just growing hay or occasional few Christmas trees to meet the minimum level, then I'm all for it. And, again, I want to help the farmers. I don't want to necessarily subsidize their lifestyle.

Thank you.

DR. SCHILLING: Thank you, sir.

SENATOR CRUZ-PEREZ: Senator Turner.

SENATOR TURNER: Yes, thank you.

You mentioned the fact that the farmer loses roughly 25% of their income because of the deer destroying the crops. Is that correct?

DR. SCHILLING: That was an account from one grower, but I can tell you that there is a number of growers across the state that report that level of loss, *or* the fact that they sometimes have given up land that they can't economically grow on because the deer damage or wildlife damage is too high.

But, I would say that that is a commonly reported level of loss.

SENATOR TURNER: Yes, I realize that is a challenge. I know I've heard that true here in Mercer County from farmers. And, I do believe - - I don't know how effective it was -- but the Legislature did provide funding to help with fencing to keep the deer away from your crops.

Was that at all effective and successful?

DR. SCHILLING: Some growers will tell you it kept them in business because sometimes the losses are far more, Senator, than even 25%.

For the growers that have been able to access deer fencing, in many cases it's been the difference between having a profitable crop and not.

The problem is with the densities and the numbers of deer for the farms that do not have the fencing program, or the resources to do the fencing. There's evidence that it intensifies the pressure on them.

But, unequivocally, I believe the deer-fence program has been very important.

SENATOR TURNER: But you would like to see the amount increase to provide you with that kind of fencing?

DR. SCHILLING: It's been my experience that the number of people who have need for fencing is still much higher than what the existing resources are.

But, to be clear, Senator, I think also there's management issues that have to be part of this discussion because the numbers in some areas are probably anywhere from 10 to 15 to 20 times higher numbers of deer than is actually the carrying capacity of the land.

So, I think there's a multi-pronged approach that's required.

SENATOR TURNER: OK, thank you very much.

DR. SCHILLING: Thank you, ma'am.

SENATOR CRUZ-PEREZ: Anybody else? (no response)

Thank you so much, Dr. Schilling, for coming this morning and testifying.

DR. SCHILLING: It's been my pleasure; thank you.

SENATOR CRUZ-PEREZ: Now, we would like to bring forward Paul Hlubik.

Good morning, Paul, how are you doing this morning?

MS. DENNEY: Paul Hlubik serves as the Policy Committee Chair of the New Jersey State Board of Agriculture for the New Jersey State Department of Agriculture. Hlubik represents the industry of hay and grain in Wrightstown, New Jersey, and owns and manages Backacres Farms in Chesterfield, New Jersey.

Paul Hlubik graduated from the University of Delaware with a degree in Agriculture Business Management, and a focus on Agriculture Policy.

**P A U L J. H L U B I K:** Madam Chair, Committee members, I thank you very much for this opportunity today.

I said to Secretary Fisher before I came up here that I wish I were the kind of public speaker that he and Brian were. And, he turned back to me and said, "You can farm, what's more important?"

UNIDENTIFIED SPEAKER: That's right.

MR. HLUBIK: And, he put that in perspective for me today. That's why we're here.

So, thank you Mr. Secretary, thank you very much.

I would like to also add a little something about my background. In addition to having been a lifetime farmer, I also worked for the USDA for 30-some years. I retired as the State Executive Director of the Farm Service Agency, and I served both the Bush and Obama administrations in that capacity.

That agency, we put a safety net under agriculture. So, that experience -- my education, all that -- I hope gives me a little street cred while I'm here today.

My sector, the grain sector, covers more farmland than the other sectors in the state, most of the -- a majority of the acreage. Our sheer size, however, doesn't make us the most profitable. Grain prices are set by the Chicago Board and are influenced only somewhat by local demand. With limited infrastructure to accept our goods, we have less opportunity to shop for a better basis. The Federal price supports that we receive, however, for our row crops -- that's a benefit that other growers in the state, especially crop growers; nursery vegetables; fruit; shellfish; etc. don't have that advantage.

Through my work as the Chair of the State Board's Policy Committee, we tackle issues facing all the New Jersey ag. sectors. Not coincidentally, those issues all tie back to farm viability. As Brian mentioned, there's over 9,100 farmers in the state on over 700,000-plus acres. Our leading sectors are nursery, inclusive of greenhouse and sod, and that's half of that production. Vegetables are right behind them, and the rest of us all follow suit behind that to make that \$1.2 billion in farm gate sales -- agritourism included.

However, there are considerable challenges to people like us farming in a high-cost state. It was mentioned earlier the cost of inputs. I paid \$175 a ton for nitrogen fertilizer two years ago; I am now paying over \$700 a ton--

UNIDENTIFIED SPEAKER: Oh, wow.

MR. HLUBIK: --for that same analysis fertilizer. And, that's only one input.

So, you know, things escalate quickly in our business, and we're handling large volumes of money. And, we can lose money much more quickly than we can earn it.

We also battle at times regulation, whether it's environmental or other regulations. And, we appreciate the breaks that we get at times, but we still have to deal with a number of regulations, and it's a constant uphill battle. Our competitors, both domestic and foreign, whose input costs pale in comparison to ours, put us at a competitive disadvantage in the marketplace where we're undercut in price.

This is where one of our major concern lies. Our bigger wholesale level producers have reached that point, as Secretary Fisher mentioned, where our costs are outpacing market prices. As Brian said earlier, too, just about 300 farms account for 70% of our farm gate sales. The loss of just a few of those farms impacts us significantly in our national ranking in a number of those crops. That national ranking has a spiraling impact when we lose it, because we are allocated Federal funds through specially cropped grants and things that are diminished as our farm gate sales in those key commodity crops. We talk about them as specialty crops -- we're talking peppers, lettuce, and things that you go to the grocery store to buy every day.

If we can't compete with produce shipped from other states and other countries, we lose that ranking. The good news is, like Brian said before, and like the Secretary said, we're highly adaptable and have the ability to move in different directions if the market shuts us out. But, it absolutely requires flexibility and legislation that enables those necessary changes in our operations.

We have other impediments, whether we don't have a 12-month growing season, and we get shut out of markets certain times of year and we have to regain them. Many of our growers have found success in retail marketing, niche markets, agricultural entertainment on their farms, etc.

However, we've created competitors of every wholesale producer in the state who adopted that same business model. At the same time, policy to maintain those businesses and industries is very important to those operations. Both wholesale and retail farmers really improve our environmental input by producing close to our population centers.

Brian mentioned earlier where we are, in the middle of -- what is it, 35 million people? We're in the heart of that region from D.C. to Boston. So, we are in that key producing area where vital food security; resolving food deserts; improving environmental input. And, the COVID pandemic shined a bright light on that, as we had access to these locally produced products when the supply chain was severely failing us, and we proved that we're critical. Any loss of growers, though, doesn't just affect the farms impacted; it affects -- and, the health of the individuals. We can't replace the environmental impacts with trucks, rail cars, and ships bringing out-of-state farm produce to the state.

There are obvious benefits of eating healthier, with experts urging people to eat more fresh fruits and vegetables for better health. We are working with congressional leaders to bring more direct subsidy funding into the specialty crop program in the next farm bill. Why do we need to address the matter of farm viability and local ag.? Because, if we lose New Jersey's most productive farms, if we lose these operations, we lose even more than the health front. The vast expanses of productive taxpaying, open space -- and, yes, we are still tax paying -- that serves as groundwater recharge, provides wildlife habitat, and improves residents' overall quality of life.

Thanks to your recently passed legislation, farms are also becoming places to find more alternative renewable energy production. And,

with that dual-use legislation, farmers can continue growing crops around or even under energy installations like solar panels. The way things are going these days, any farm lost to development will likely become a warehouse with a high percentage of impervious cover, increased truck traffic on local roads, and the carbon emissions that come from those trucks. Nursery, grain, produce, and other crops, on the other hand, provide vital carbon sequestration and aquifer recharge.

Agriculture, like any industry, does not exist in a vacuum. Creating a future where farms have sufficient support infrastructure is crucial. These needs range from large-animal veterinarians to support industries of supplies and equipment to markets and processing facilities for everything from meats to vegetables to transportation, shipping, and infrastructure, to even hemp fiber fabrication facilities. I mention that because the Legislature -- thank you -- took an important step when appropriating \$655,000 in the most recent budget to help the Department and our institutions of higher learning develop a hemp fiber industry from which hemp building materials and hemp-based replacements for petroleum products will be created.

Thank you.

With the CBD market for hemp glutted, providing a future in New Jersey hemp farming will depend on enhancing our research in hemp fiber instead.

To be sure, nothing helps an industry thrive and survive like support from the government. Agriculture as an industry is fortunate to have active searches for ways to improve its future by the Department; by Rutgers; by Farm Bureau; and by all the other commodity groups in the state. We're

very fortunate that these groups pool together all the time, and, with your help, we achieve these mutual goals.

In a few weeks, we're going to gather to fulfill a constitutionally mandated annual meeting of county boards, farm organizations, our land grant, and others, to debate concerns in the industry and ways to overcome them. Farmer delegates from throughout the state will gather at the convention to debate and guide the Department as the Department moves forward with our accomplishments in the coming year. Those resolutions largely reflect the same issues that are brought to the Board throughout the year, and they center from one degree or another on our topic of discussion today -- that's farm viability -- and it'll be our first resolution addressed. Last year, and most years prior, it's been the top priority issue coming back off the floor of the convention. That's why there's a Joint Department Farm Bureau and Rutgers working group focused on just this issue right now. And, resource and allocation funding will be vital to that effort.

After the convention, we'll forward those resolutions to you and we anxiously seek your help.

New Jersey is blessed with natural components necessary for farms to remain viable: highly productive soils of all types; water resources; and a geographic location that puts us in the heart of that 35 million consumers. If public policy aligns with agriculture's needs, just as our resources do, this Legislative body would go a long way to paving the future of our farm viability.

In closing, I would like to ask you that we keep advancing this conversation, and I look forward to working together for the long-term viability of agriculture in the state.

I thank you, and I welcome any questions.

SENATOR CRUZ-PEREZ: Thank you so much, Mr. Hlubik, for your testimony this morning.

I do have one question for you. To what-- You mentioned that you used to work for USDA. To what extent are New Jersey farmers subsidized -- if at all -- by the Federal government and USDA?

MR. HLUBIK: As far as direct subsidies, our farmers average about \$10-12 million a year, statewide. We significantly provide more assistance to the growers we -- they, I'm retired -- significantly provide more assistance to growers in the way of limited-resource loans, beginning-farmer loans, the facility loans.

I was quite impactful in helping our state achieve a lot of Federal dollars that hadn't come here in the past, in the way of facility loans. We had the first -- California didn't get the first facility loan for a winery in the country, New Jersey did, because we worked hard to help change and modify national policy so that it would more amply address New Jersey farmers. The largest input of Federal funds that my former agency, my former colleagues, have handled really was through the COVID relief appropriation, where about \$50-55 million, I believe, was brought in statewide. It helped significantly through a very difficult time.

There are a lot of other price supports in the way of loan programs and things where farmers can put their grain under loan, or put their commodities under loan -- even their wool -- until they can get a better market price. There are numerous programs that the Federal government handles and, also, conservation programs as well.

When I was working in my job, then-Secretary Kuperus and I negotiated a \$100 million program to bring conservation reserve enhancement into the state. And NRCS, a sister agency, brings significant dollars into the state to help maintain and survive our national resources.

If you lose the farmers; you lose the farm community; you lose those Federal agencies; you lose that funding as well. Or, a significant portion of it.

SENATOR CRUZ-PEREZ: How accessible is that information to farmers throughout the State of New Jersey?

MR. HLUBIK: I'm sorry?

SENATOR CRUZ-PEREZ: How accessible is that information.

MR. HLUBIK: How accessible?

USDA Farm Service Agency has six field offices statewide handling all 21 counties. And, there's staff available for each of those counties, and all growers are eligible -- with the exception of some restrictions, like for the equine industry and things. They have to be involved in food production with those horses, or draft -- or breeding.

SENATOR CRUZ-PEREZ: So, is there a campaign going on to tell the farmers these resources are available? That's what I was getting to.

Because, sometimes, we have many good programs in different areas but people don't know about it. So, how aggressive is the Department -- the USDA Department of Advertising, or telling the farmers, "These programs are available for you to take advantage of?"

MR. HLUBIK: Oh, USDA has a significant outreach network. Also, work in conjunction with the State Department of Ag., with Farm Bureau, with others, to get that information out statewide.

Whenever farm bills are rolled out, we are-- Actually, one of your colleagues, Bob Andrzejczak, is the person that's sitting in my seat today. Wonderful individual, highly respected, and works very well in that arena of outreach and public access. So, I'm confident that the agencies are doing a great job.

SENATOR CRUZ-PEREZ: Thank you, Mr. Hlubik.

Anybody have a question for Mr. Hlubik?

SENATOR CORRADO: I do.

SENATOR CRUZ-PEREZ: Senator Corrado.

SENATOR CORRADO: Thank you, Chairwoman.

You mentioned regulations. So, are you talking about State, Federal, a combination?

MR. HLUBIK: Yes. (laughter)

It's just difficult, sometimes. Sometimes-- Farmers are very good at self-regulating, because these natural resources that we're charged with protecting, if we abuse or lose them, we lose our livelihoods. We lose the future generation's livelihood.

So, you know, farmers take that very seriously. But, there are just times -- many family farm operations, with the exception of maybe some seasonal labor to help with harvest, etc., are one- or two-man shows. So, every time a farmer is spending considerable hours filing papers, that's time not spent in the field; not spent in production, agriculture. And, the fiscal burden of some of that regulation is difficult on growers.

And, as to all the testimony that's come before you today, I think the Legislature usually does find that agriculture is very unique and very good at assessing itself and policing itself. And, you do give us a lot of breaks. But,

still, any time that regulation is considered, please consider the impacts on agriculture and to small family businesses that really are struggling to meet some of those requirements as it is -- both financially and the time considerations.

SENATOR CORRADO: Thanks.

Sometimes good intentions have unintended consequences.

MR. HLUBIK: Exactly.

SENATOR CORRADO: And, unfortunately, with a small family business, you could be dealing with the impact of that.

And, do you have an understanding as to why your costs are so much higher in this state as compared to others?

MR. HLUBIK: Some of that is regulation; some of that is cost of living; some of that is competition with non-farm enterprises; it's taxes. When you've got to provide goods and services to a lot of people, there are a lot of taxes.

We talked earlier -- or, it was mentioned earlier -- about farmland assessment and the tax breaks. That's on that raw acreage. Those farms -- all that infrastructure that's required for those businesses, the buildings, the barnyards, that's all tax structures with a few exceptions. Also noted, that were provided to agriculture over the years, like grain bins and greenhouses, etc., that were exempted; single-purpose structures.

So, it's -- the costs of living are known to be high in New Jersey. And, when you're a small self-employed farm operation, you've got to meet those same expenses as well.

SENATOR CORRADO: Thank you.

MR. HLUBIK: Thank you.

SENATOR CRUZ-PEREZ: Anybody else? (no response)

Thank you so much.

MR. HLUBIK: I really appreciate it, thank you very much.

SENATOR CRUZ-PEREZ: Thank you so much for your testimony. We are (indiscernible) this morning.

Now, I would like to hear from Caroline Etsch. If Caroline can come forward. I'm also going to bring Lenny Grasso, who is another farmer, to come forward as well.

MS. DENNEY: Caroline Etsch is the Chair of the New Jersey Farm Bureau Women's Leadership Committee. In this role, Etsch develops programs for students, educators, and the public of New Jersey by engaging with farming on many levels throughout the state. Etsch runs an agritourism business at her farm, Etsch Farm, in Middlesex County, and teaches third graders in Monroe Township about modern agriculture each fall.

Caroline Etsch graduated from Camden County College with an Associate of Arts and Science degree in Veterinary Health Technology.

Leonard Grasso is a vegetable farmer in Mullica Hill, New Jersey. Grasso has served on the Gloucester County Board of Agriculture, and the New Jersey Peach Council.

In September 2021, a Hurricane Ida tornado destroyed the Grasso farm, ruining farm buildings, greenhouses, trucks, and other equipment.

SENATOR CRUZ-PEREZ: Thank you so much for coming this morning.

Now, we are going to hear from the farmers. Tell us what's going on, what do you need, and how can we work together?

Caroline, please.

**CAROLINE ETSCH:** Sure.

Thank you so much for agreeing to speak with us about our viability and how important it is to everyone in New Jersey. It is certainly an honor, thank you so much.

So, I'll tell you my story. I am a woman who was not raised on a farm. I grew up in Bergen County, in Fair Lawn, and met my farmer through some friends and learned on the fly, as a lot of women who I speak with these days do.

So, our farm -- family farm, fourth-generation family farm -- has been changing through the years. It started as a subsistence farm; everybody grew everything they needed to eat and live and stay there. Moved to vegetables; moved to grains. My husband started a retail hay and straw business when he graduated college, and then I added the agritourism part 17 years ago, into a corn maze. And, that was started from some friends of mine in town who said, "You grow corn? You should be a corn maze operator," and I said, "You don't know what you're talking about," because when people come to the farm and they see the corn, they want hayrides, and they want pumpkins, and they want pies; they want everything else. So, they were talking about a serious business venture. So, I went through a program called Andy's Project. It was the first time that I learned how to be -- that I really saw my corn maze idea as a business that maybe I could run myself, and that empowered me tremendously.

So, went back and borrowed \$500 from our main farm operation and that year I actually had a profit of \$1,500. So I thought, "OK, this might actually work," and moved it from my backyard to our main farm operation

-- between two towns, for more visibility -- and then we kind of grew from there substantially. So much so that I just actually applied for Medicare, and I can't stop working, because we make enough money for me to pay taxes for all of our properties through the year. So, we need our income. The agritourism diversity is really important to keep us viable on our family farm.

But our farmers are so unique in that we don't really ever leave work. We live on the farm where there's wildlife all around us that are eating our crops, that we are paying our bills. We use our barns for Christmas tub storage; we use our tractors often outside. I even have a guardrail, believe it or not -- somebody thought it was hilarious to put a guardrail in my yard because it guards the tractors. But, we really do live with the Bible verse, "A time to be born, a time to die, a time to plant, a time to reap." That's what farmers do. That's kind of, basically, our mantra for the most part.

But, viability-wise, we are still here, and it's wonderful. Our family farm did incorporate in 1968. My father-in-law was advised to incorporate for tax purposes. And, we own several different farms in our towns, and each one is its own LLC, so that if you were at my corn maze operation and something happens to you, I am not in danger of losing my farm home.

SENATOR CRUZ-PEREZ: That makes sense.

MS. ETSCH: A wise decision from our lawyers, they told us to do that. We listen to our support personnel like everybody else does.

We have 16 different insurance policies -- that's not including our own life insurance policies. Each different kind of farm has its own qualifications, and we work very closely with our insurance company. They've been very good to us, actually, when something happens. We

actually had a tractor stolen and they very quickly reimbursed us. We actually found the tractor later and had to sell it back to the insurance company. It was kind of an interesting conversation, but the things that happen in your life, you never really know where things are going to take you. But, our insurance company is also one of our good support personnel.

In terms of our town, we're always active in our community. When I'm working on a project and I need to get some nails and screws and some more things to build my wooden frame for my corn maze, I go down to the local hardware store where I have an account, and we use the local banks; they know us by our face. So, we are very visible in our communities as well. And, that's not -- it's very typical of most farm families. They support their community businesses as well. Again, a reason why we should be continued to stay active in our state.

As was mentioned in my introduction, I just gave up my six-year tenure as Chair of the Women's Leadership Committee, but I am Program Leader for New Jersey Agriculture in the Classroom, which is the New Jersey affiliate of the national organization. And, our mission is to create agriculture-literate people who can understand and demonstrate and verbalize the importance of agriculture in everyone's life. And, so, we do that through a lot of means. One of which is I do bring children to our corn maze, and I make sure that I have a small group with me at all times, and I can show them a small mockup version with my children's toys of what our farm looks like and explain to them how the corn gets in the ground and how it goes out of the ground and where it fits into their life cycle so that they make the connection with the corn they're seeing, and that makes the Doritos that they like to eat; and that that corn is the corn that makes corn flakes; and that

corn is also the corn that's fed to a chicken, that the chicken farmer is going to buy the corn and grow the chicken and sell it to McDonald's and make chicken nuggets.

That's -- their entire life cycle, you need to tie it together for them. You can actually see the lightbulbs go off in their heads, and see the connections. It's actually-- The other conversation I had with them that's important is about chocolate milk. People think brown cows make chocolate milk, and we straighten that one out as well. It's equally as important for us to stay viable -- it's really important, I believe, to reach the children. When we have people come to the farm and they see cucumbers growing on the vine, it reaffirms for them as adults, even, "Wow, the cucumber really does just come from a plant, it doesn't come from the grocery store."

The other things farmers provide -- we've always provided for others, that's what we do -- but our reality is estate planning because, if you own those farms, there's conversations to be had about what's going to happen when you're gone. So, I never in my wildest dreams growing up in Bergen County as a little suburban girl riding rollerskates to my friend's house, thought I was going to have the conversation about estate planning a farm to anybody. And, safety is important as well. Our bodies age way before our minds do. We think we can just hop down off the tractor and it doesn't work that way anymore, so much.

We are price takers and not price makers, so, as was mentioned before, our price for our field crops, our corn, is set in Chicago with the Board of Trade, and so we -- that money doesn't go as far in New Jersey as it would some other places. Fertilizer and cedar up-- this particular past year, Middlesex County did have a tremendous drought, and where we would

normally harvest between 140-160 bushel per acre for our field corn, our average was 58 bushels per acre.

SENATOR CRUZ-PEREZ: Wow.

MS. ETSCH: So, yes, it was a real-- Again, so we rely on -- we had some crop insurance, which we had engaged in before we planted our corn, and that will help some, to make up some of the difference, but it won't make up all the difference.

But, as my husband told me -- and I've learned through the 33 years of marriage -- is that farming, you really have to look at it on the long term if you want to discover whether you're viable or not. You can't really go on one year. So, what may happen to us this year, maybe next year the weather will be amazing and we'll have a proper crop. There have been years where we actually stopped harvest to pour a concrete floor in a barn so we could just dump the corn in the barn, because we had too much corn for our bins. So, you never really know which way it's going to go, and I guess some people call that adventure; we just call that farming. (laughter)

Employees are certainly something I'd like to mention as being difficult for us to find right now. Our specific training in our field, we use a lot of trucks, we use a lot of forklifts and operations. So, while we may be able to hire a truck driver, finding a person who can actually operate the machinery in the field is a different conversation for us. We don't necessarily irrigate, and we don't have the vegetables, but as being a hay and straw and grain farm, it is specific, and, so, we can hire some of the people, but Middlesex County has fewer farms that are left that are growing farm children for us to choose from, actually, and they're going back to their own family farms for the most part.

And the other thing that has really hit Middlesex County -- and our life in particular -- is urban sprawl. So, we are physically located between Exit 8A and Exit 8 on the Turnpike. And, so, when they widened Exit 8, it really made way for a lot of the ground that was sold in the '60s and the '70s and held onto -- it was now developed into warehouses. And, so, there's trucking issues, there's people moving in, building up to live close by because they can hop on the Turnpike and get to work in either city, actually, Philadelphia or New York. And, so, it's changed the nature of our town quite a lot.

I used to think that all open field was a piece of abandoned land, and I learned very quickly that it's not. When you're married to the property owner, it's a working hayfield, and the person who wants to walk their dog because they don't want to pick up the remains in the field -- that's not an abandoned field, it's really just something that's a working field. So, to us, it was a different kind of conversation to have to protect it.

We had recently -- someone was joyriding, they got in a car and they saw the open land. There was a party across the street, some kids thought it would be fun to just go driving through the field. So, we call it "doing donuts;" they just start doing circles up in the open field. So, we went to go have a conversation with them, just to tell them, you know, "Look, this is private land, you're not allowed to do this," and they tried to do it even more, "Ha ha, you can't catch us," and ended up ripping up the field to thousands of dollars worth of damage, and then their truck -- their car hit our truck. So, there was vehicle damage as well. So, it was someone's idea of -- they just don't have information, honestly. They think it's an open field, that nobody's using it. Because if you live from an area or come from an area

where there's an open lot, it's a different conversation than a working field. So, we always try to talk to people and explain to them, "If you're going to go on the field, just go on the edge," that's perfectly fine; just leave us the middle.

And, I've also had people, when they built our -- there's a retirement village that's down at the bottom of our farm. So, it's basically really literally on top of the hill. It was (indiscernible), and so we had houses right below us, and they use it as a selling point. You know, below, look at the big red barn in the big blue sky. And, it is lovely, I have to say. But, I have a gentleman wander into the farm and say to me, "You know that thing around the corn?" And I said, "The husk?" And he says, "Yeah, yeah yeah." He said, "Well, it went down the hill and it wrapped itself around my light and it caught fire." He said, "So, you wouldn't be, like, liable for that, right?" And I'm like, "That would be your homeowner's insurance." So, it was just a conversation, because he had a problem, and it was based upon the fact that he was living next to the farm. And, that's so much -- become so important to us now as where we live in Middlesex County. Not only Middlesex County, in New Jersey -- there are certainly some counties that are filled with agriculture all around it, not particularly where we live.

So, we do -- as I said, we do try to have children come in. I am, as I said, the State Program Chair for New Jersey Agriculture in the Classroom, so it's not only in the classroom, but it is important to start with children. As the children learn and they go home and learn to respect the agricultural land, they will express that to their parents. And, so, we use not only literacy books, but we provide lessons for teachers, and so they're already -- they're in accordance with New Jersey Department of Education and

student learning standards, so they can just take them off our website, put them right into their lesson plans, and then be able to use the literacy efforts to be able to teach agriculture as they can fit it into their schedule. As we know, teachers have an incredibly packed agenda, but we try to -- ag. literacy can be taught in every subject, so we try to bring that all.

And, women's roles, I wanted to just mention, have changed so much through farming. When I first met my husband, his dad was in charge of the farm, and it was believed that the women have a very small role on the day-to-day operations. Basically, minimal, actually. And, my husband and I had a different idea that one day we would actually be working together and so when we changed things a little bit-- So, a lot of women do work off the farm, and that provides not only extra income, but health benefits and pensions, because that comes from our own take-home; our own paychecks. So, we write a check -- my husband is an employee of our corporation, and so he gets a paycheck; my son gets a paycheck. And, so, we pay not only the employees' share but the employer's share of our taxes, our tax burden.

But, we love the structure that we have in our life. We love the freedom that we have in our life. It is certainly something we can choose, and we change with the times as we need to. And, I don't know that we'll always have agritourism, but, as I said before, right now, I can't really afford to stop. So, our son is farming with us -- he's fourth generation -- and, so we have a big promise coming for the future. But, you know, he's a farm kid who wants to stay in the tractor. His favorite place is being in the field in a tractor, leaving (indiscernible), that's what I want to do.

So, we expect to stay here for quite a while. So, that's my story in a nutshell.

Thank you.

SENATOR CRUZ-PEREZ: Thank you so much, Caroline, for your testimony.

I am going to have Mr. Lenny Grasso provide his testimony, and then we can ask questions.

**L E N N Y G R A S S O:** OK. Good morning, Madam Chair, and Committee.

I didn't prepare very many remarks, being the one who was supposed to go last. I figured it would have all been said by then. (laughter)

But, I was asked to come here to talk about what happened to me, specifically as a weather event, and why I chose or tried to get back into this industry that's, you know, a tough one.

But, so, a brief history real quick. In 2016, I had the opportunity to advance my operation to do green gassing of tomatoes, which then go to a processor who dices them for places like Chipotle, Trader Joe's, the Wawas -- you know, ingredients to pizza toppings, things of that nature. So, I said, "Here's an opportunity for me to do something other than the standard pick-it-pack-it, you know." We just plant and pray.

But, this was kind of an answer to our little prayer. So, we invested in the buildings that were necessary, the equipment, and, thanks to USDA and some state programs, we were able to get a low-interest loan, and that helps all those little things add up to be big. So, those little programs that are offered to us, I took advantage of.

SENATOR CRUZ-PEREZ: Good.

MR. GRASSO: Anyway, we got it all done and we were thriving until this past year. So, all this brand new equipment also was -- and

buildings -- were also part of what I needed to be food safe. I have to be certified as a grower who passes all inspections for food safety. And, we did. So, that took a lot of investment just to get up to speed on that.

Anyhow, it was all destroyed on September 1. My home was damaged -- my father's home. We were pretty much taken out by 160-mile-an-hour wind. It took several months for me to consider my age, how long it would take to come back, the cost, and whether agriculture was going to be viable enough for me to come out and get out of that hole.

So, after conferring with my family; friends; people in the industry; my insurance company; and many others involved, my decision was to make a go of it and come back. This is -- excuse me. It's a labor of love. When the love goes away, it's just labor, and then no one wants to do it. So, any effort that we -- in our state particularly -- can come up with together to solve a few of these problems that we have keep us going. It keeps the love. And, I think that's the important part we have to understand. Farmers aren't in it for the profit. They're not in it for that kind of glory -- none of that. There's a satisfaction that comes from growing a crop, no matter what crop it is, and a real joy when it manifests itself into something you can harvest and sell.

But, the money -- we're not in it for the money, but we have to sustain ourselves. And, that's where the State can maybe come in. I got back on my feet; I had what I would say a fairly successful season this year. No way can I say it paid back everything; I had to take out from my retirement savings to help me get back. But, I did it. (laughter)

There were some issues. When I went to get permits, the State -- they took their share of that permit fee, where my actual township, my

hometown, the bulk of the fees were from them, but they said, "We're not charging anybody in the path of that tornado from our town any fees for construction or otherwise to get back." That was huge. That was thousands of dollars for me. And, it was roughly \$1,000 from the State's share, but the State wanted their share, so they took it. So, there's a little thing. Remember I said a lot of little things can add up?

I needed to rebuild one of my houses for my labor. I was pestered to do -- the whole issue of the sprinkler system, and things of that nature. I think that we should see about variances for those issues on the farm because of the nature of just the architectural design of the buildings themselves. The broad brush approach maybe isn't going to be something we can live with all the time, but I had to make a very big decision about, do I go ahead and go with this farm and have to rebuild that with that huge expense? And, I hired an engineer who found a way to redesign that building and its terminology so that I could save the dollars and not have to put that system in, and it meant doing away with the two bedrooms. So, I have another building that has all bedrooms; this building had kitchens, bathrooms, showers, all that.

As a result, though, of losing the two bedrooms so I didn't have to put that sprinkler system in, my guys are tight. They're in bunkbeds. I never had bunkbeds before. I kind of try to give them more than what the rule is of 50 square feet per man -- I mean, they're there for eight months, I try to give them more space. They complained a little, but we did it. But, in order for me to say, "If I get some money, make some money, I can build a new house for them," I have to put the sprinkler system in. And, the way these are designed, I think there should be a variance where you can design it so you wouldn't need it as something that's such a requirement. I think

we can get around that. Because these are expensive things that maybe we can get around and the State's responsibility there can be to help us in that way.

Another -- these are just the little hurdles that I find, and through my experience of trying to get back, were big as they add up. So, I would say that perhaps I don't have a solution. I'm here to talk about the issue. Maybe if some of those things could be reviewed and we could say, "Hey, you know what, in agriculture, let's meet with these growers, let's meet with these guys, let's come out and see what they're talking about, whether it be a migrant camp or a building or whatever, and let's see where we stand with the State's part of this issue."

I will say this: I will testify that I enjoy a lot of help in this state. We have some of the finest people that help us in agriculture. Rutgers -- you heard from them; we have the State board; we have Secretary Fisher. These people are committed to helping us, and they were all there for me. I mean, they rushed to my aid: "What do you need? What can we do?" And, I am eternally grateful for that. It was a very emotional time for me, so that's why it's still a little hard to talk about. I beg your pardon for that. But, I think some of the ruling, some of those little things, could be a way that we could look at and say, "Hey, let's tweak this, let's put a variance in place" for where you meet a certain specification that's either a design feature or whatever, you know, just something to think about.

And, that's what I have.

SENATOR CRUZ-PEREZ: Lenny, I wasn't planning to cry today, so I don't appreciate that you (indiscernible)--

MR. GRASSO: (laughter)

Neither was I, Madam Chairwoman.

SENATOR CRUZ-PEREZ: But, I am grateful for our farmers -- for you guys -- for not giving up; for giving it another try. You put food on my table every day, and we all should be grateful, and we should be doing more to help farmers in New Jersey.

You mentioned a couple of things, and as you were talking, Erika is writing her heart out. There's a couple of ideas that we have, that we might work together in terms of construction codes. We might work on something -- I don't think we can get rid of the sprinklers -- but maybe some subsidizing on that end, something to discuss with my colleagues, the legislators, definitely when a tragedy like yours strikes and Mother Nature takes over our life. It should be some type of waivers. So, I'm planning to work on legislation based on your testimony today.

Also, on testimony provided by Caroline, I -- it must be difficult to be in the area that you are, and now having all this population growing around the farm and people who doesn't really understand farming life.

And, I have a question for you. How did you -- when you had this place, your farm vandalized by these people, what did you do to -- actually besides talking to them? Did you call the police? Is the township helping you; is the community? Or, do we need to put some type of legislation to help with this type of vandalism?

MS. ETSCH: Well, we did call the police, and we had six patrol cars come running down the road. So, our township knows us very well and does support us. They're amazing. There are restitution laws that are in place. I think some of the enactment of that becomes a little challenging. People -- in this particular case, the car was registered to the uncle at the

house in a different location. So, tracking some people down becomes difficult. Our insurance company was very good about it.

So, once there's a certain amount of damage, they are responsible for it. If it's -- I believe the threshold was \$1,000, but don't quote me on that for sure -- but, once there's a certain number that's reached of damage, then they're responsible for it. So, I think that they recently did update that law as a matter of fact, so I can look into that for sure.

But, yes, we called them right away and they were held responsible. We haven't necessarily gotten any payment back, except for our insurance company was very good on that. So, that's where we've gotten some help. So, yes.

SENATOR CRUZ-PEREZ: And how did you make the decision between being able to work outside the farm so you can actually pay the bills in the house vs. working in the farm and (indiscernible) salary in the farm? If the farm is not doing so well in the years -- some years you guys do good; some years, it's not so good -- how do you manage that?

MS. ETSCH: I think all business will have lean years, and then some fatter years. And, so, we have some money that's aside. But, basically, we just tighten the notch. For instance, our grain system is four bins with a bunch of what we call, like, elevators that go up. The machine at the top broke, and do we just climb up there and replace the sprockets, replace the motor? Or, is it really the cost -- the whole system, we got an estimate for \$75,000 to upgrade it to our preferred specs. But, instead, we're going to do a \$28,000 fix. We have to do something; we can't not do anything because we need to be able to move the grain from the bins to our other barn where we actually sell the corn.

So, we have to make some improvements, so instead of doing \$75,000 we'll be doing \$28,000. And, so, some of the other things comes into a heavier diversification. If we can get a little more money from the corn maze or from -- it's a retail hay and straw and grain business, so the hay and straw business may bring in a little bit more, and then the corn may bring in a little bit less. I know the agritourism business may bring in an average year, so it's really-- We're diversified on purpose to try and mitigate some of that loss.

SENATOR CRUZ-PEREZ: Thank you.

Does anyone have a question?

Senator Corrado.

SENATOR CORRADO: It's just more of a comment.

I want to thank you both for being here, as well as our other farmer. We appreciate hearing from all of you, and we appreciate the passion that you've shown for the careers that you've chosen.

And, it's wonderful to hear from Secretary Fisher and from Rutgers that you live it. And, so, issues that you deal with on a daily basis, and the challenges you face, might not necessarily be on our radar. But one of the wonderful things about this hearing today is we're learning about the challenges you face, and what accommodations we can make to make sure that you're successful in what you do, because we want you to thrive and have wonderful long family careers ahead of you.

And, so, really, I just want to thank you all for what you do. I really appreciate it.

MR. GRASSO: Thank you.

MS. ETSCH: Thank you.

I would, just-- One more thing, if I could.

There is a bill that just came out of Assembly, and I think the Senate is probably going to take up their part of it. It's to create National Agricultural Literacy Week the third week in March. And, if the New Jersey Agriculture in the Classroom could be called upon to provide the "book of the year," that's what we do all the time. So, that would be a natural fit for our role, for our organization, to fit into that kind of legislation.

So, should you need any kind of guidances to how we can help you, please reach out.

SENATOR CRUZ-PEREZ: Caroline, do you know the Assembly bill number by any chance?

MS. ETSCH: Four-one-three-two; from what I remember.

SENATOR CRUZ-PEREZ: OK.

Does anybody in the Senate have that bill, that we know? Nobody?

MS. ETSCH: Not yet, I don't think.

SENATOR CRUZ-PEREZ: Now we do. (laughter)

MS. ETSCH: I appreciate it, thank you.

SENATOR CRUZ-PEREZ: I will introduce the bill, and I will have all my colleagues at this Committee sign into the bill.

MS. ETSCH: Thank you, thank you so much, I appreciate it.

SENATOR CRUZ-PEREZ: Senator Turner, do you have any questions?

SENATOR TURNER: No questions; thank you.

SENATOR CRUZ-PEREZ: Well, thank you so much for all you do. God bless you, and keep up the good work.

MS. ETSCH: Thank you for inviting us.

MR. GRASSO: Thank you.

SENATOR CRUZ-PEREZ: Now, I would like to bring Mr. Keith Dickinson.

Good morning, Mr. Dickinson, thank you so much for coming this morning to testify in front of us.

MS. DENNEY: Keith Dickinson is a business consultant with the Farm Credit East ACA, Bridgeton, New Jersey. His territory includes New Jersey and the lower Hudson Valley region of New York. Keith's specific areas of consulting focus on business planning; profitability analysis; estate and farm succession planning. In addition to business entity selection and management, he is also a farmer of a grain and vegetable farm in Stow Creek Township in Cumberland County, New Jersey.

Keith Dickinson graduated from Virginia Tech University with a Bachelor's Degree in Crop and Soil Environmental Sciences, and a Master's Degree in Agricultural and Applied Economics. Keith is also a financial planner and obtained his Financial Planning Certificate program at Florida State University.

**KEITH DICKINSON:** Thank you very much for having me today.

Many of the--

SENATOR CRUZ-PEREZ: Turn your microphone.

MR. DICKINSON: So, thank you so much for having me today.

Many of the comments that I had planned to make today have been addressed wonderfully by the folks before me. So, what I'd like to do is just -- I did submit a written supplement. I'm not really going to touch on

much that was in there; I think that stands alone. If you do have questions on that, I would be happy to answer them.

But, what I'd like to do in my role as a consultant with farm families throughout New Jersey -- I do a lot of work with folks on budgeting and how to make every dollar count in that business. What I wanted to do is walk through an example of how a typical farm in New Jersey, how that business owner pays themselves. How did they earn *their* pay from the farm?

About 97% of our farm businesses in New Jersey -- and nationally -- are organized as either a sole proprietorship or a partnership, often under a limited liability company umbrella, but non-corporate. Mrs. Etsch said that their business is a corporation -- actually, my family business that I am a part of is a corporation -- but those are in the distinct minority. Those -- when you have a partnership or a sole proprietorship, all of the owner compensation comes out of the profit. That's how the owners pay themselves. So, I'm just going to walk you through a very basic example of what I would consider a typical full-time farming business in New Jersey, and the numbers I might see.

So, a farm that is, perhaps, a partnership between two owners, may see an average gross income -- total income that they bring in from sales of nursery stock, grains, vegetables, what have you -- of around \$2 million. That is a typical income for a full-time business. Certainly, there are those that are successful at an income level much lower than that, and certainly there are those that are much higher. But, \$2 million is a pretty common number that I see. Commonly, we'll see a 5% profit margin after we've paid all the overhead expenses; after we've grown the crop; after we've taken it to market; after we've paid our labor, we have 5% left for profit. So, do the

quick math, that's \$100,000 out of that \$2 million. The owner pays himself out of that *after* they have paid any principal payments on any loans that they have, *after* they have reinvested back into that business. The example of the grain elevator -- that's a reinvestment that we have to make back into that business. We build new barns; we build up and grow the business. That comes out of that.

So, typically what we'll see with a farm in that state, the farmer will pay himself about \$50,000 out of that \$100,000 profit. And, you know, for someone who is managing the business that is employing probably 20, 30, maybe 100 people -- that's a decent little income, but quite often they're paying themselves less than some of their key employees.

So, I just wanted to offer that little bit of perspective on what I see, typically, with farmers on kind of what they're getting for their investment. Certainly there are financial benefits of building the business and that sort of thing. So, walk through that.

I also wanted to comment-- We've touched on labor a few times, but I can tell you -- and I work with farms of all different shapes and sizes, all different industries -- the most common conversation I have with my clients when it comes to managing their business and the challenges they have today has related to labor in two main areas: the cost of labor, which has been increasingly substantially; and the availability of labor, finding people who want to work in agriculture. And, it's not just agriculture. Many of our businesses are also structured as retail businesses. They're selling direct to the consumer whether it's an agritourism corn maze-type business, or they're selling fruits and vegetables at a tailgate market in Jersey City. They're selling it at a farm market on their business, or they have a garden center or winery.

All of those businesses are struggling to find people who want to work in that environment, who are willing to work-- Minimum wage is not a factor, because many of my clients are starting folks at \$18, \$19, \$20 an hour, well above our current minimum wage. And, that's the price that they need to pay to be competitive.

I have several clients who are trying to hire a manager to help them manage their business. Many of those managers start \$80-90,000 a year. So, these are big businesses and it's real dollars, and that price -- not just in 2022, but this trend that has been going on for the last 10 years that I've been working with these farmers in New Jersey -- has consistently been inflating at a higher rate than underlying inflation. So, that is a challenge that we're seeing. And, what I'm seeing today is many of our farmers are finding ways to recognize their farms, to apply labor-saving technology so they can do without the labor that they can't seem to find. I really wanted to make sure we hit that point because that is -- like I said, when I work with farmers, that's the issue that they want to talk about on the management side.

I also wanted to touch-- There have been some questions on the estate-planning side. About half of what I do with farmers is on estate planning, continuing the business. Thankfully here, of late -- I say thankfully from a standpoint of what the farmers tell me -- is that they don't have to worry too much about the tax side anymore because of the changes to estate tax law, both Federally and here in the State of New Jersey. So, we no longer have to do the creative -- as creative -- of a plan on the estate side in order to mitigate the potential impact of a significant tax, but we still have the human

side of it. How do we inspire our next generation to continue with the business? How do we structure the human side of it?

And that planning is oh so critical. There was a discussion of a program in Pennsylvania. Just prior to me working with Farm Credit, I happened to work in Pennsylvania in the cooperative extension world. I was there and saw them implement that program, and saw how it did help incentivize folks to have those difficult conversations with their families to move forward with the planning.

So, with that, like I said, I know that we're -- we've been chatting for quite a while, and we've had a lot of good testimony so far. Anything I would say in addition to those comments I think would be rehashing comments that have already been made. So, I'll close my comments, and be happy to answer any questions.

SENATOR CRUZ-PEREZ: Thank you so much, Mr. Dickinson.

I do have a question, if you can tell me. When the farmer has a budget in mind, and that (indiscernible) doesn't upset the cost of what they invest, what can they do; what would they do?

MR. DICKINSON: Sure.

So, the budgeting process is always an interesting thing with a farm, because no farm is exactly structured the same. And, the answer to that question is -- I do have an economics degree, so I am qualified to say as an economist is -- it depends. It really depends on the facts and circumstances of that business. A business that I was with just yesterday, one of my clients, they suffered a \$500,000 loss this past year. They are a fruit grower, primarily, but they also have a retail store. They had a freeze that took out a good chunk of their -- a significant portion of their product this year. So

they are going to be seeing about a \$500,000 loss. And, for that business, they are seeking financing. They are going to their lender; the lender is going to lend them a portion of that loss; and that will carry them from today through June which is when they will start to harvest next year's crop.

So, quite often, it's borrowing money. Other times, it's pulling out of savings. You heard Mr. Grasso testify just before me that he pulled money out of his retirement savings. Quite often, because of -- if I go back to my earlier -- the example I walked through with that \$50,000 income that maybe a farmer is paying himself with -- that usually doesn't include any retirement savings. They're reinvesting into the business. So, if they have been successful in pulling that in, maybe it is. Maybe they're relying off farm income; a spouse that works off the business. So, there's a variety of ways that a farmer will, when they have a loss, will make up the difference.

But, a lot of what I do is help them get to the point to where they are insulated somewhat from that by encouraging them to have a little bit of that savings every year set aside for that inevitable year that we're going to have like 2022.

SENATOR CRUZ-PEREZ: But, if they don't have that cushion to protect them, and it's all loan providers operating loans for farmers who are willing to extend their credit--

MR. DICKINSON: Sure.

SENATOR CRUZ-PEREZ: --what can they do?

MR. DICKINSON: So, typically, the first next step would be, as Mr. Hlubik alluded to with the Farm Service Agency, one of their biggest programs are loan programs for farmers. Those programs are generally

available as the next resort when the commercial banking field is not lending, and that's the stopgap, generally.

And, quite frankly, one of the other tools that I didn't mention but should have is that farmers who they have not put their land into the Farmland Preservation Program will utilize that program as a means to generate capital to get themselves out of a hole.

Quite frankly, on our farm in the '80s, we ran through some challenges. We sold a building lot. It's not what we wanted to do; we selected some ground that was marginal, not the best producing, and now we have a neighbor who we really don't like working next to. (laughter)

SENATOR CRUZ-PEREZ: Thank you.

Does anyone have a question for Mr. Dickinson? (no response)

Thank you so much for your testimony this morning.

MR. DICKINSON: Thank you very much.

SENATOR CRUZ-PEREZ: Last but not least, my good friend Ed Wengryn, and Ashley Kerr.

Would you please come forward.

MS. DENNEY: Ed Wengryn is a field representative and research associate with the New Jersey Farm Bureau. Specifically, Wengryn assists Farm Bureau members in northern counties of the state with legislative initiatives, outreach, education, and policy development. In addition, Wengryn assists in emphasizing direct marketing, ornamental horticulture, land-use sales tax, and equine and other livestock issues.

Ed Wengryn graduated from Delaware Valley College of Science and Agriculture with a Bachelor's Degree in Ornamental Horticulture.

Ashley Kerr is a field representative and research associate for the New Jersey Farm Bureau. Kerr also participates in county boards of agriculture in Mercer, Burlington, and Ocean counties. Ashley Kerr works on climate issues, urban agriculture and aquaculture, in addition to wineries, breweries, distilleries, and other traditional commodities. She also serves as a member of the New Jersey Climate Change, and is an advisory member of the New Jersey Clean Water Council.

Ashley Kerr graduated from Hawai'i Pacific University with a Bachelor of Science degree in Environmental Science, and she also received a Master's degree in Natural Resources and Environmental Management at the University of Hawai'i at Mānoa.

SENATOR CRUZ-PEREZ: Ed and Ashley are the ones who are always bringing to our attention (indiscernible) working, and I call them my "Google guys" when it comes to farm and agriculture (indiscernible) besides the Secretary of Agriculture, because they have an answer whenever I have a question.

So, I welcome our partnership; I am thankful for our partnership.

**EDWARD WENGRYN:** Madam Chairwoman and members of the Committee, thanks for having this hearing today and having us on the panel.

We're going to kind of do the wrap-up. We've gotten the Farm Bureau written components, but we'll answer some of the questions. We'll start -- I'll tackle the farmland assessment kind of question that was asked earlier.

We talk about the raw land being -- getting the differential tax. So, anybody who -- and, it impacts the farm, the house, the improvements to those things -- are all taxed at the regular rate, as any other neighboring. So,

the farm home is taxed just like any other residential home. So, when those property taxes go up, those taxes go up on the farmer as well -- the improvements; the barns. When you pull a permit to build a barn, your taxes are at the value of that barn and it's structure and however the town does its valuations. You fall under those same things. So, they pay all of the same business taxes that any other business. It's just what is the raw land being used for?

And, a lot of times, if you're a non-farm landowner, you're renting to a farmer who counts on that land for their portfolio, for their profitability. You lose 5 acres here or 10 acres there, you can kind of get by, but you start losing 30, 40, 50 acres-- The organic farmer that farms Bruce Springsteen's farms, that's his livelihood. He loses that contract, he loses his business. So, those are real businesses that are tied to some of these non-farming landowners. So, they're an important part of the state's ag. industry.

We talked about (indiscernible) the pressures of wildlife is always one of them. The taxation impacting the costs, insurance, all of those things, and then we get a year like this year, where inputs went through the roof and you heard, like, Paul Hlubik, 300 times -- or a threefold increase -- in his fertilizer cost. You're not going to recoup that in the crop. Are they stabilizing? Are they starting to go down? Yes. Will they go down fast enough? But, if you were somebody who has been on the bubble for years, you're having the Lenny Grasso conversation: Do we want to do this anymore? And, there's a lot of farms this year having that conversation.

So, it's the little things the State can do that is going to make the difference. I was surprised Lenny used the term, "the love." It *is* the love. And, he saw the love from the local municipality, like, "We're going to waive

our fees; we're not going to do that." That's the town saying, "Yes, we want you here, we're going to help you do this." Can the State make those same gestures, and do those same things? And, it's finding that. And, that's what Brian Schilling's team is doing with the Department, and looking at their viability studies, whether the steps the State can do to help move the industry forward, and we're starting those discussions, but one of them is wildlife management. We need to do a better job with it. It's not working, and that's a greater discussion not just for the ag. community, but for the environmental community. The impacts to our forests and our natural resources; our county parks and forests; our state lands -- how do we manage all of that together?

We can't have an absentee landowner not doing anything, and in this case, a lot of times it can be the State; it can be a county who is next to the farm and they're causing the problem. So, how do we address those concerns? I think regulatory form is always something we ask for and look for. They *are* small businesses, and, a lot of times the State will say, "Oh, let's do a tax credit and offset." If you're not filing corporate taxes, you're not getting that tax credit. So, I think there have been some innovative small business loan programs through the EDA that started to come out of COVID, and we're looking at, how do the ag. businesses tap into that? And, if we need to make changes, we'll be coming to you with recommendations on better ways farms can access that.

But, also, somebody who is financially strained, getting another low-interest loan isn't always the answer. Because they have loans on loans, and where can we find some sort of direct relief or some direct underwriting to help close those gaps? I think that's some of the stuff that we'll be talking about and bringing to everybody over the next couple of months. I think it's

a time crunch thing. Brian kind of said, you know, “We’ve had these periods of time where I think we’re at one and we need to act pretty quickly.”

So, I’ll take any questions or let Ashley handle -- I think on the climate change front she’s a little more experienced, but I think that’s one of the opportunities we have as the State invests in climate-smart ready things. Agriculture is ready to be climate smart and *is* climate smart and can take advantage of some of those dollars and programs.

So, I’ll let you tackle.

**A S H L E Y K E R R:** Farmers are natural stewards of the land, right? We have stewardship programs currently for preserved farms through SADC for the soil and the water. The New Jersey State Climate Change Alliance just had their annual event last week.

Ag. was obviously discussed, and one thing that New Jersey does not have yet is a carbon-trading system. So, you know, farmers are stewarding the land, they’re capturing the carbon in the soil, and if we can incentivize that and put in place a system and payments that are done in other states, that would also be a boost that would be very helpful.

I am really just here to answer any questions you guys have today.

**MR. WENGRYN:** And, she did remind me about the deer fencing program, because that one -- that question was hanging out there.

So, the State did authorize last year for non-preserved farms. The SADC has been using CBT dollars for stewardship by allowing preserved farms to get fencing.

This is for non-preserved farms. The language in the bill has caused some problems, and they’re having difficulty implementing that.

There was a million dollars put in the budget for it; they haven't been able to launch program rules, because there's conflicting goals about a seven-year easement required to do the program. Well, then, does that move you into the preservation program? And, so, they're trying to find the legal answer to, "How do we make this program work?" And, if that's really a stumbling block, we may be back to you guys to clear up that so we can actually get a program off the ground.

But, they haven't been able to do it. But, the need is there. They've got lists of, you know, over 40-50 farmers who are, like, looking for that opportunity to fence. Fencing is a solution for a farm; it's not a solution to the problem, because when you fence off your area, you move the deer to your neighbor's property. That's not -- it will help you get the values back in your crop, but it's not going to help you solve the deer problem.

SENATOR CRUZ-PEREZ: Whose bill was that?

MR. WENGRYN: It was Eric Houghtaling; it was one of his last bills that got through at the end of last year. He was, I think, the prime sponsor in the Assembly. And, I'm not quite sure who had the Senate version.

But, I think we may need to revisit that legislation to fix--

SENATOR CRUZ-PEREZ: OK. We'll find out who was the sponsor in the Senate of the legislation.

I don't recall seeing this bill in our Committee. I think this went to Environmental Committee--

MR. WENGRYN: Yes, I think that one ended up -- wildlife tends to be there.

SENATOR CRUZ-PEREZ: But, we will definitely -- that will be something that we will be looking at.

In your opinion, which state is the model for good agriculture policy? Which state, and, you know--

MR. WENGRYN: So, every state does ag. policy a little different. We have a pretty good system here.

It's actually funny. When you have cooperative extension, the Department of Agriculture and the Farm Bureau all working together, most states don't have that. There is actual animosity between those organizations in other states. We work pretty well together because this is it -- we're our industry, we're the industry voices. We need to work together.

So, good policy, good research coming out of Rutgers; we support funding for that. It's an important component of the State budget, making sure those innovative crops -- like you heard Brian talk about, we're at the southern edge of the cranberry industry. We're the third largest producer of cranberries in the country. So, we lose that to climate change, what happens to our Pinelands and our Pinelands region and its heritage?

I think having that kind of innovative research and work going on -- we have a cranberry research station. It's one of the research farms that they talk about. It's that big and that important. But, making sure that the dollars are being invested there.

Turf and land -- nursery. Our turf field studies is one of the most famous in the country. Most grass seeds in the country are licensed through our turf system, so that money returns to the State of New Jersey through those innovative sales. Our turf industry -- Green Bay, Eagles, any football team on the east coast playing on turf is playing on New Jersey turf. Our Tuckahoe Turf Farms supplies those stadiums and fields, so, you know, Sunday afternoon football is happening on New Jersey soil.

So, we're in great positions for some things, and that's when we talk about, like -- drought impacted the turf, those guys have a water moor to keep that crop alive. It impacted -- but it's not going to impact their bottom line the same way a fruit and vegetable person who is like, "If I am going to invest all this water into getting a crop and I'm not going to get a price, do I even bother watering?" And, those were some of the tough decisions people made this year.

MS. KERR: So, just to answer your question, Senator, Rutgers Cooperative Extension did do a report on the valuation of ecosystem services, and, I don't have specific states on the top of my head, but, in that report are some of the models that have been done out west for carbon treating, so I would be happy to get that to you guys.

SENATOR CRUZ-PEREZ: Thank you.

Thank you, I will make sure that I get it and extend it to all the members.

Senator Turner, do you have a question?

SENATOR TURNER: Thank you very much.

You mentioned the cranberries. We are third, you said, in terms of the production of cranberries?

MR. WENGRYN: I believe so, yes.

SENATOR TURNER: And, I think we're highly rated, too, for blueberries, are we not?

MR. WENGRYN: Yes, we -- blueberries are a big crop.

Interesting, we talk about corn. Nationally in corn production, when you think of Iowa and Kansas and all of them, we're low on the chart. But we're ninth in the country in sweet corn production. So, we grow the

corn people eat. So, when you look at national corn production, we grow not only field and animal feed corn, we grow the sweet corn that people eat. And, for the Garden State, a small state like New Jersey, acreage wise, to be ninth in sweet corn production is a pretty big acclaim.

SENATOR TURNER: Right.

MS. KERR: I would also just add that Hammonton is known as the blueberry capital of the world.

SENATOR TURNER: That's right. Well, that's what I was going to mention.

We seem to be exporting a lot of blueberries from New Jersey. I was pleasantly surprised that when I was in Florida, I saw the Hammonton blueberries in the grocery stores there.

MR. WENGRYN: Yes. They -- so, they start the blueberry season way before ours, and when their blueberry season runs out, our producers are shipping all over the east coast.

Yes, it's an important industry.

SENATOR TURNER: OK.

The other question I had regards housing. We all know that New Jersey has very dire affordable-housing crisis, but I think it's particularly true with farming. I had a constituent who contacted my office who was upset because he was given a summons because he had an RV trailer on his farm, where the person who was overseeing the animals was living, and he got a summons.

But, I was told by him -- I don't know if it's true, but maybe you do -- that it depends upon the municipality as to whether or not trailers or RVs are allowed for housing on farms.

MR. WENGRYN: So, yes, that's a municipal ordinance, and that's one of the problems, is affordable housing for farm workers. And, you kind of heard sort of the salary ranges. You know, a farm manager at anywhere from \$60- 80- \$90,000 a year -- that's a moderate-income housing need that we don't have.

And, as we focus on redevelopment of our urban centers, that's great, but you're not getting where the work needs to be done out in the world, part of the state. So, there needs to be that balance in our affordable-housing obligations and means so that people can live and work near where the jobs are.

Seasonal labor is a different labor category, Federally. Those standards, our DOL -- Department of Labor -- works with the U.S. DOL and the farmers. Farm Bureau hosts annual spring meetings with all of the growers who use labor to bring them up to speed on what those laws are to make sure they're in compliance and following them.

Again, outreach and education is always a hard part of reaching every labor user and making sure they're all in compliance with those rules. Without labor, we don't have an industry, so, you know, we want to do the best we can to provide for labor in those situations.

MS. KERR: So, another issue with it being piecemealed by the township is, you know, the understanding of not knowing if you're moving somewhere else, whether or not you can have your trailer as such.

One thing that was done for equine in the last year or so was there was a bill passed put into law that gave right-to-farm protection for equine housing on the farm.

And, so, that's the first time that we've seen right-to-farm protection for ag. labor housing, and, perhaps, that's something to look into for other parts of the ag. industry as well.

MR. WENGRYN: But, I do think it needs to be part of that whole affordable-housing situation.

SENATOR TURNER: Right. It should be uniform.

MR. WENGRYN: It should be uniform.

SENATOR TURNER: And, I have a bill that I did introduce that would allow for RVs or trailers to be located on a farm for their workers, their laborers.

MR. WENGRYN: And, we are very much interested in supporting stuff like that, yes.

SENATOR TURNER: Thank you.

SENATOR CRUZ-PEREZ: Anyone else have a question? (no response)

Ed, thank you so much, you guys, for coming and testifying.

Ashley, thank you so much for your information. Looking forward to the information you're going to send.

With that--

MR. WENGRYN: Again, thank you, Madam Chairwoman, and members of the Committee for sticking this out and listening to all of us. It's a breath of fresh air for the ag. community to have your voices echoing and advocating on behalf of the industry.

So, we appreciate it.

SENATOR CRUZ-PEREZ: Well, you are a very important sector of the economy and in our life.

Thank you for putting food on our tables at good times and bad times. Because not even once during the pandemic we were lacking of food thanks to the farmers.

Thank you for continuing to do what you do, and thank you for some of the ideas you have given us. We're looking forward to that great partnership. Please bring your concerns and issues to us so we can translate into legislation to make things better for everybody.

With that, that will conclude, unless anybody else has a question.

That will conclude our Committee today.

I want to take this opportunity to wish everybody happy holidays, and this will be the last Committee for the year, so I want to wish everybody happy holidays and a prosperous, healthy new year.

So, God bless you; meeting adjourned.

**(MEETING CONCLUDED)**