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# *Public Hearing*

before

## ASSEMBLY AGRICULTURE AND NATURAL RESOURCES COMMITTEE

### ASSEMBLY CONCURRENT RESOLUTION No. 77 (1R)

*(Proposes constitutional amendment to permit annual  
property tax exemptions totaling up to 25% of value of donated  
permanent farmland preservation easements in certain municipalities)*

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**LOCATION:** Committee Room 9  
State House Annex  
Trenton, New Jersey

**DATE:** March 11, 1999  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman John C. Gibson, Chairman  
Assemblywoman Connie Myers, Vice-Chair  
Assemblyman Larry Chatzidakis  
Assemblywoman Clare M. Farragher  
Assemblyman E. Scott Garrett  
Assemblywoman Barbara Buono  
Assemblyman Herbert C. Conaway Jr.



**ALSO PRESENT:**

Jeffrey T. Climpson  
Carrie Anne Calvo-Hahn  
*Office of Legislative Services*  
*Committee Aides*

Eric E. Richard  
*Assembly Democratic*  
*Committee Aide*

***Hearing Recorded and Transcribed by***  
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Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**ASSEMBLYMAN JOHN C. GIBSON (Chairman):** I call the meeting to order. This is the Committee on Agriculture and Natural Resources.

If you would please rise, we will pledge allegiance to the flag.

(participants recite the pledge of allegiance)

Good morning, and thank you all for being here.

I do note from the yellow shirts that there are some folks here that may be interested in a bill that will not be heard in this meeting. It will be heard in another location later on. You're welcome to stay if you want, but bill A-2277 -- the one bid or the multiple bid law that is proposed is going to be held at 2:00 before Assemblyman Augustine's committee on the fourth floor in Room 15. So that bill is not heard in the Agriculture Committee. So for those of you who are interested in that bill, that does not come up until 2:00 this afternoon on the fourth floor in Room 15.

**ASSEMBLYMAN GARRETT:** If the Chair would like to discuss that bill-- (laughter)

**ASSEMBLYMAN GIBSON:** Thanks anyway. It will come up soon enough.

We do have a public hearing that's advertised this morning. We're going to do that first. So can I have the announcement of the title of what the public hearing is for.

**MS. CALVO-HAHN (Committee Aide):** The public hearing is for ACR-77. It proposes a constitutional amendment to permit annual property tax exemptions totaling up to 25 percent of value of donated permanent farmland preservation easements in certain municipalities.

ASSEMBLYMAN GIBSON: Thank you very much.

Let's have a roll call.

MS. CALVO-HAHN: Assemblyman Conaway.

ASSEMBLYMAN CONAWAY: Here.

MS. CALVO-HAHN: Assemblywoman Buono.

ASSEMBLYWOMAN BUONO: Here.

MS. CALVO-HAHN: Assemblyman Chatzidakis.

ASSEMBLYMAN CHATZIDAKIS: Present.

MS. CALVO-HAHN: Assemblyman Garrett.

ASSEMBLYMAN GARRETT: Here.

MS. CALVO-HAHN: Assemblywoman Farragher.

ASSEMBLYWOMAN FARRAGHER: Here.

MS. CALVO-HAHN: Assemblywoman Myers.

ASSEMBLYWOMAN MYERS: Here.

MS. CALVO-HAHN: Chairman Gibson.

ASSEMBLYMAN GIBSON: Here.

We have a quorum. In fact, everybody is present.

Thank you all for being here.

Assemblywoman Myers, this is your piece of legislation. Would you like some introductory remarks, at least for the public hearing?

ASSEMBLYWOMAN MYERS: Thank you, Mr. Chairman.

I'd just like to review the rationale for this bill, which has already been voted out by this Committee and the Appropriations Committee.

With the dedication -- constitutional dedication of \$98 million a year for open space and farmland preservation, we hope to be preserving 1

million acres over the next 10 years, and we hope at least half of that money and half of that acreage will be farmland. This will require a significant commitment on the part of local municipalities -- local governments, counties and municipalities. And certainly, with the property tax issue in everyone's mind, I looked for ways to help municipalities come to the table, make a contribution to this effort if they desired to preserve land in their -- within their borders but, at the same time, maximize the tax dollars that we're spending in the state.

The Federal government permits 30 percent of income per year for a six-year deduction off of your Federal income tax if you donate land. One of our farmers in Hunterdon County was kind enough to share with us the way -- the benefits from his donation, and so I use that as an example. He donated 56 acres. The appraisal price for those 56 acres was \$6000 an acre, which meant a total donation of \$336,000 to East Amwell and the State of New Jersey -- was donated to the State Agriculture Development Committee.

Under the Federal law, he will recoup \$134,000 of that donation through this income tax deduction. If you're in a 40 percent tax bracket, which some people -- some fortunate people may be, you can get a -- 40 percent of your contribution rebated by the Federal government.

This bill will permit the State of New Jersey to offer municipalities the option of providing a tax -- a property tax credit of up to 25 percent of the worth of the donation. In this farmer's case, that would amount to about \$84,000, bringing the total benefit -- monetary benefit for that donation to \$218,000, which is a significant benefit. There are other benefits offered by the Federal government with respect to capital gains taxes and inheritance

taxes. And so donation for those who are of a certain income bracket becomes a realistic option for managing their properties and for getting some properties into the Farmland Preservation Program without paying the full amount of the worth of the easement.

So I hope that explains where this bill is coming from. I don't see it as an addition to the property tax burden. I see it as property tax relief because the municipality, effectively, would be chipping in less by giving them a credit than they would if they purchased the donations outright.

Thank you.

**ASSEMBLYMAN GIBSON:** Thank you, Assemblywoman, and you did mentioned that the Committee has already released the bill. This is a procedural thing we're doing this morning as far as taking the public hearing on the ACR.

Lynn Nowak has signed up to introduce some testimony. We invite you -- for your testimony.

**L Y N N N O W A K:** Thank you, Mr. Chairman.

Very briefly, the New Jersey Conservation Foundation does want to be on the record as supporting the resolution.

Thank you.

**ASSEMBLYMAN GIBSON:** Thank you for that.

Anyone else in the room want to--

Yes, sir.

**J E F F T I T T L E:** I just want to speak in favor of the bill.

**ASSEMBLYMAN GIBSON:** Just let us know who you are.

**MR. TITTLE:** Sure.

I'm Jeff Tittle, Director of New Jersey Sierra Club.

We agree with this legislation, it's important, and we thank Assemblywoman Myers for all her work that she's done on this and so many other issues in protecting farmland and open space in New Jersey.

Thank you very much.

ASSEMBLYMAN GIBSON: Thank you for your testimony.

Anyone else?

All right, I will close the public hearing on the ACR.

**(HEARING CONCLUDED)**