

SENATE BILL NO. 2788
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2788 (First Reprint) ("S2788") with my recommendations for reconsideration.

This bill appropriates \$128.241 million in constitutionally dedicated funding to the State Agriculture Development Committee ("SADC") for farmland preservation purposes. This critical funding enables SADC to acquire title to, and development easements on, farmland, and provide financial assistance to local governments and non-profits to cover a portion of the cost of acquiring title to farmland. It also appropriates up to an additional \$13.15 million from the Preserve New Jersey Farmland Preservation Fund to the SADC. This funding includes \$1 million for costs associated with farmland acquisition such as appraisals, surveys and title costs, \$150,000 for costs associated with enforcement of development easements, and up to \$12 million for organizational, administrative, and other work and services, including salaries, equipment, materials, and services necessary to administer the Preserve New Jersey Act.

The bill conditions appropriation of the organizational and administrative funding on approval from the Department of Treasury, Office of Management and Budget ("OMB"). The bill requires SADC to submit, within six months of the bill's enactment, and every six months thereafter, a written report to OMB detailing farmland acquisition expenditures for the previous six-month period. The information contained in the reports is then used to calculate and approve the amount of the following six-month's allocation to SADC pursuant to a formula set forth in the bill.

The bill also allows SADC to increase the value of offers it makes to purchase property for farmland preservation beyond the amount established by existing statute in the Statewide Farmland Preservation Formula ("Formula").

The New Jersey Constitution dedicates revenues from the corporate business tax ("CBT") to a variety of open space preservation purposes. Since 1961, New Jersey voters have passed referendums 14 times in support of the dedication of State funds for the purpose of open space preservation. The latest referendum, approved in 2014, constitutionally dedicated a portion of revenues from the CBT to open space, farmland, and historic preservation activities. Preserved open spaces funded by this permanent allocation promote improvements in water quality, reduce impacts through tree coverage, lessen flood damage, sustain biodiversity, and provide residents opportunities to engage with nature and enjoy outdoor recreation throughout New Jersey.

New Jersey is a national leader in farmland preservation, with over one-third of our farmland permanently protected as of 2019, thereby securing an agricultural land base for the industry and enhancing food security and access to locally raised products for the residents of New Jersey. Combined, New Jersey's open space, farmland, and historic preservation programs make up one of the largest state-based land conservation efforts in the United States. The total acreage of protected open space and farmland across New Jersey now totals nearly 1.6 million acres.

The Legislature effectuates the open space constitutional dedication annually, through a package of preservation appropriations bills. Earlier this year, I was pleased to sign two of the three farmland preservation bills in this year's package into law. The third bill, S2788, was separated from the rest of the package and ultimately amended to subject the organizational

and administrative funding to novel reporting and approval requirements, as described above, before it advanced to my desk.

I applaud the sponsors' desire to ensure oversight of the SADC's administrative funds. However, the role this bill assigns to OMB is duplicative and unnecessary. The Garden State Preservation Trust ("Trust"), which is allocated within the Department of Treasury, has financed and monitored the funding for the farmland preservation program since 1999. While the Trust already reviews the corporate business tax appropriations to SADC pursuant to the Preserve New Jersey Act, the Trust is also charged with setting financial strategies, measuring balances, monitoring expenditures, reviewing project recommendations, and ensuring an efficient use of the funds. It is unclear how this new OMB review and allocation process fits within the Trust's existing processes and statutory authority to manage the preservation funds holistically. More importantly, I am concerned that this new paradigm for allocating administrative funding will impede SADC's ability to disburse farmland preservation funds timely and efficiently.

I am also concerned it is premature to increase the value of offers SADC makes beyond the amount established by the Formula before SADC actually adopts the Formula, which is anticipated to occur within the next few months. Furthermore, allowing increased compensation above the amounts established in the Formula once it is adopted has the potential to create accounting issues and inconsistencies among prior, current, and prospective applications for funding.

I am therefore returning the bill with recommended revisions that would remove the provisions subjecting appropriations to OMB approval, requiring SADC to submit biannual reports to OMB, and

allowing SADC to increase the value of offers beyond the amount established by the Formula.

In the absence of administrative funding, the SADC will soon exhaust its administrative funding. I urge my partners in the Legislature to move quickly to accept my recommendations to ensure that SADC can continue to carry out its mission of preserving farmland across the State.

Therefore, I herewith return Senate Bill No. 2788 (First Reprint) and recommend that it be amended as follows:

Page 3, Section 3, Line 45:

After "3." delete "a. As used in this section, "farmland acquisition" means: the" and insert "There is appropriated to the State Agriculture Development Committee the sum of \$13,150,000 from the "Preserve New Jersey Farmland Preservation Fund," established pursuant to section 8 of the "Preserve New Jersey Act," P.L.2016, c.12 (C.13:8C-50), as follows:

a. \$12,000,000 for the purpose of providing funding for organizational, administrative, and other work and services, including salaries, equipment, materials, and services necessary to administer the applicable provisions of P.L.2016, c.12 (C.13:8C-43 et seq.);

b. \$1,000,000 for the purpose of providing funding for costs associated with the acquisition, by the committee, of development easements on farmland, including, but not limited to, appraisal, survey, and title costs; and

c. \$150,000 for the purpose of providing funding for costs associated with legal advice and representation in connection with the committee's enforcement of development easements acquired for farmland preservation purposes pursuant to P.L.2016, c.12 (C.13:8C-43 et seq.)."

Page 3, Section 3, Lines 46-48:

Delete in their entirety

Page 4, Section 3, Lines 1-46: Delete in their entirety
Page 5, Section 3, Lines 1-31: Delete in their entirety
Page 5, Section 6, Lines 46-48: Delete in their entirety
Page 6, Section 6, Lines 1-10: Delete in their entirety
Page 6, Section 7, Line 12: Delete "7." and insert "6."

[seal]

Respectfully,
/s/ Philip D. Murphy
Governor

Attest:

/s/ Kate E. McDonnell
Chief Counsel to the Governor