Governor-Elect Chris Christie
Transition Team – Agriculture Subcommittee

Report On the
Department of Agriculture

January 15, 2010

Transition Team – Agriculture Subcommittee
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I. Overview of the Department of Agriculture

The Agricultural Industry: The Garden State has long been known for its diverse and rich agricultural heritage. As the lead sectors in the 1950's of dairy and poultry have been replaced over the decades by nursery, greenhouse and sod, and fruit and vegetables, New Jersey residents have maintained their strong support for the state's ever changing farming industry. Farmers have continually adapted their business to take advantage of new market opportunities, which have allowed New Jersey's agriculture to grow to the diverse high value industry that exists today.

Agriculture remains an important part of our landscape with over 730,000 acres in active production which is more than 15% of the state's 4.8 million acres. Today, 183,410 acres of this privately managed working landscape are preserved through the publicly supported Farmland Preservation program.

New Jersey's significant food and agriculture complex generates $82 billion in sales and employs an estimated 400,000 workers and touches the lives of every one of our state's residents. It is estimated that the food system contributes 8.5 percent of New Jersey's private sector Gross State Product (GSP) and accounts for 15 percent of the private sector workforce. This network of farmers, fishermen, food processors, food distributors, restaurants and food retailers require supportive public policies to prosper. As the most densely populated state in the nation, New Jersey has the opportunity to develop a strategic policy framework that will grow this important segment of our state's economy.

The Department of Agriculture: Created in 1916, the Department of Agriculture is responsible for regulating and promoting agriculture in our state as well as disseminating information and providing services that support agriculture. It has adapted to meet the changing needs of the food and agriculture industry that it both advocates for and regulates. Today, the Department is in the forefront on issues regarding farmland preservation, land use planning, food safety, hunger and nutrition, and plant and animal disease control. The programs it administers provide widespread public benefit for New Jersey's people, environment and economy.

Yet, the previous administration has been indifferent and even hostile to the Department as evidenced by its proposed elimination in 2008. In fact the Department's FY09 state support was reduced by 13% at a time when the average budget reduction across all state departments was 6 percent. The Transition Team's Agriculture Subcommittee believes the past 8 years of disinvestment in the Department should be reversed and welcomes the opportunity to strengthen this important agency in the new Christie administration.

The Department's Direct State Services budget, which a few years ago had been over $11 million, has been reduced to just under $7 million this fiscal year. Since 2005, the Department of Agriculture has reduced its workforce from 271 to 215 full-time employees today. Now among the state's leanest departments, it continues to meet mission-critical objectives by reorganizing, realigning and increasing productivity through strategic partnerships and cross-training. Any added efficiency gains will require Information Technology investments that would enable employees to more effectively perform current and additional tasks.

Subcommittee members representing various regions of the state spent several days listening to the department administrators and constituents that utilize its services. Constituents uniformly stated a positive view of the Department, citing its efficiency and effectiveness at administering programs for individuals, businesses and organizations. Its staff was found to be professional, delivering services with a passion and commitment that people expect from their public servants. In contrast however, much of what we heard about other state agencies, most notably the Department of Environmental Protection (DEP), was the frustration caused by trying to deal with the indecisive mindset in state government.

A food processor discussed his three-year experience spending over $750,000 for DEP water allocation and wastewater discharge permit approvals. At one point he seriously contemplated moving his business out-of-state, a decision that would have meant a loss of over 200 jobs. One farmer told us about drilling a well on his preserved farm then waiting nearly a year for permission to pump the water on the new cropland. Unfortunately, this experience has become all too common even on publicly preserved farmland. Many spoke about wildlife like beaver, deer and bear destroying high value crops and the inability to get a quick decision from DEP on control permits. A winery owner spoke about an inflexible sign program for state highways making it difficult for consumers to find his business. These experiences hardly represent a business friendly way of thinking.

This attitude of state employees and leaders fails to recognize the urgency for a fair regulatory process with timely decision-making that encourages a vibrant business environment. In brief, change is needed. The food and agriculture industry asks the Governor to provide direction and a clear charge to his cabinet that these industries are vitally important and have priority in this administration.

As this report shows, certain segments of the industry are at a critical juncture and their future viability in New Jersey will need immediate attention from this administration. We firmly believe that the new Christie administration will bring a fresh approach that will provide the assurance our food and agriculture complex needs to continue their operations and invest in future growth.

Selection of the Secretary of Agriculture: The Department of Agriculture is a unique department in that the eight-member State Board of Agriculture appoints the Secretary of Agriculture with approval of the Governor. The Governor has the authority to reject the board's selection. The Secretary of Agriculture serves as head of the Department and implements the policies established by the board.

Under N.J.S.A. 4:1-1 et seq., two new Board members are selected each year by the 97 member legislatively-prescribed delegate body at the State Agriculture Convention held in February. The Board nominees are recommended to the Governor for appointment with the advice and consent of the Senate. A Board member's four-year term begins on July 1st. Representatives from the top four agricultural commodities must have seats on the board. The law further states that only those engaged in the production of farm crops or livestock can be members of the State Board of Agriculture. All members serve without compensation, but can be reimbursed for expenses.

In brief, Governor-elect Christie does not directly nominate or appoint the Secretary of Agriculture as will be done for the other cabinet-level positions. The Governor-elect can accept or reject the State Board's selection. The current members of the State Board of Agriculture along with their industry affiliation and term are in the following chart:

State Board of Agriculture	Year Term Ends	Industry
Roger R. Kumpel, president	2010	Hay/grain
W. Scott Ellis, vice president	2011	Vegetable
Hugh McKittrick	2010	Nursery
Monica Ann Dorsett	2011	Equine industry
Andrew Borisuk	2012	Hay/grain
Henry D. DuBois	2012	Vegetable
Dr. Lewis DeEugenio	2013	Fruit
James Giamarese	2013	Vegetable

II. Department Initiatives Requiring Priority Review

1. Jersey Fresh Marketing program: New Jersey was the first state in the nation to brand its locally grown produce. Since then, the Jersey Fresh label has been extended to other agricultural products such as fish, Christmas trees, and processed food like crushed tomatoes. All of the agricultural, food and restaurant interest groups that provided comment to the Subcommittee uniformly support the Jersey Fresh program. A report conducted by the Department of Agriculture several years ago noted that for each dollar spent on Jersey Fresh promotion resulted in $54.49 of increased economic output in the State. In 2003, the $1.16 million spent on the Jersey Fresh program increased fruit and vegetable cash receipts by $36.6 million and created an additional $26.6 million in economic activity within agricultural support industries.

During the program's heyday in the late 1980's and early 1990's, the Jersey Fresh marketing budget reached a high of $1.6 million annually. The television ads featured the Governor and the Agriculture Secretary and were highly successful in promoting not only the sale of locally grown products but also pride in our state and its farming industry. A return to this nationally recognized program should be considered. Funding was reduced during the McGreevey administration to $800,000 annually. Although the 2006 Transition Team Agriculture report to Governor-elect Corzine recommended that the Jersey Fresh budget be doubled (to $1.6 million), the recommendation wasn't heeded. In FY 2010, the budget for Jersey Fresh was further reduced to $150,000; a portion of which is used for program administration.

The public-private partnership the New Jersey Blueberry Council has with the Jersey Fresh program is illustrative of how both entities have been able to maximize the limited funds available for marketing and promotion. In years when the Jersey Fresh promotions targeted the New Jersey, New York and Philadelphia markets, the Council focused its promotion efforts on the New England market. This unique complementary effort allowed both entities to reach a larger audience with their limited resources. Another example of leveraging occurs when supermarkets and restaurants utilize the Jersey Fresh and Jersey Seafood logos in their advertisements thereby generating millions of impressions at no cost to the taxpayer.

Finally, the Department of Agriculture and the Division of Consumer Affairs should strengthen and coordinate inspections for Jersey Fresh branded products to prevent out-of-state producers from benefiting from the brand. This will help our farmers and food processors position their products in the market, protect consumers from potentially unsafe foods, and maintain the integrity of the Jersey Fresh brand.

With a renewed state investment, the Department of Agriculture will be able to again market the Jersey Fresh brand. In these times of uncertainty regarding food safety, consumers trust the Jersey Fresh label and "locally grown" farm products. The resulting economic activity benefits not only farmers and consumers but also impacts local, state and federal taxes. An analysis of these impacts in 2003 showed that local and state tax revenues increased by $2.2 million due to the Jersey Fresh program, a return far greater than the cost of the program. The current Jersey Fresh agency contract will expire in 2010; a new Request for Proposal will be issued next year.

2. Food Nutrition and Feeding the Hungry Programs: The food distribution programs run by the Department's Division of Food and Nutrition serve on average 1.6 million residents daily and distribute over 55 million pounds of food annually. The Department's management of the school nutrition program has put New Jersey in the forefront nationally in helping schools structure their food service operations to provide more nutritional offerings. New Jersey is one of only two states in which the state Department of Agriculture administers the federal school nutrition program.

A strategic policy change that would provide an opportunity for agriculture to grow in our region is to improve access to the public nutrition programs and open permanent farmers markets especially in urban areas. The economic potential is enormous for our state's farmers and fishermen with over 300 hundred million dollars spent on school lunch and breakfast alone. When we include the money spent on the other public nutrition programs and access to population centers it more clearly illustrates the scale of this market opportunity.

This would offer numerous benefits like providing children and those most in need, access to fruits, vegetables and other nutritious products produced here in our Garden State. In addition creating new markets in the urban and more densely populated regions of our state would fill a need for fresh produce and other desired nutritious food products, and also complement revitalization efforts. This bold initiative will need the cooperation of the New Jersey Congressional delegation, local and state leaders.

a. Appropriations for the School Lunch and School Breakfast Programs: The Department of Agriculture receives millions in federal funding for the School Lunch and School Breakfast Program each year. In FY 2010, the department received $168,761,775 in federal funds for the School Lunch program and $41,616,978 for the School Breakfast program. The state is required to provide a minimum match of $5.5 million for the School Lunch program. No match is required for the School Breakfast program.

In FY 2010, the State appropriated $8,059,000 for the School Lunch program and $3,000,000 for the School Breakfast program. If funding is reduced to the minimum required ($5.5 million total) there would be no loss of federal funds, although participating families would have to pay slightly more per meal received. Currently, the $8 million appropriation subsidizes each lunch by ten cents for students eligible for free and reduced lunches and by four cents for paying students. The $3 million appropriation subsidizes each breakfast by ten cents, whether paying full price, a reduced price or free.

Reducing the funding for the two programs could free up about $5.5 million for other Department programs (State Food Purchase Program, Jersey Fresh, NPHEAL facility etc.), the New Jersey Agricultural Experiment Station programs that help retain and grow the agricultural and fisheries industry, and help close the budget gap projected for the FY 2011 budget.

b. Increase Participation in the School Breakfast Program: Without any increase in state matching funds, New Jersey can receive more federal School Breakfast program funds if more schools would agree to participate in the program. Currently, New Jersey ranks 46th out of the 50 states in participation rates for the School Breakfast program. Barriers sited by school administrators to participation include opening the schools early and paying a staffer (overtime) to oversee the program.

According to the Department, the 2008 School Breakfast Report Card showed New Jersey losing more than $17.5 million in federal funds because 60% of the low-income students that participate in the lunch program are not also being given access to the breakfast program. The benefits go beyond just getting more federal funds; research shows that in children hunger not only effects physical well-being but also contributes to a loss of concentration and lowered academic performance.

Creative approaches to overcome the barriers should be explored and evaluated so that more children can have access to the breakfast program. For example, a school might use the first ten minutes of homeroom each morning for school breakfast distribution. Another approach would be to purchase software to program school vending machines to read a student's ID card and deduct the cost of the breakfast (e.g., a granola bar) from the student's account (or free in the case of needs eligible students). This second method would not require additional staffing.

c. The Temporary Emergency Food Assistance Program (TEFAP) and the Governor's Hunger Initiative-State Food Purchase Program (SFPP): A recent USDA report found that 10.3% of New Jersey's population struggled with hunger in 2006-2008, a 2.2% increase over the previous two years. The New Jersey Department's Division of Food and Nutrition is responsible for ensuring that this segment of our population is fed by coordinating the statewide distribution of the various federal and state sources of surplus, donated and purchased foods. The federal TEFAP provided over 20.9 million pounds of food this year. The Governor's Hunger Initiative-SFPP contributed an additional 8.6 million pounds of food, much of which was purchased from local growers and producers.

The state has 6 food banks, or Emergency Feeding Operations (EFO's) and over 600 Local Distribution Agencies (LDA's), such as soup kitchens, food pantries and shelters that the EFO's serve. The Department, through the SFPP program, works hard to ensure that the distributed foods are locally grown or produced whenever possible. The demand for fresh and frozen foods is rising and reinforces the need to provide EFO's with the resources needed for their storage facilities to have refrigeration and freezer capabilities.

As the population of those in need has increased, so have the challenges. Those requiring immediate attention are: securing and affording sufficient storage space for, and transportation of, foods included in the various programs; identifying sponsors to open and operate adequate Local Distribution Agencies which can staff and effectively administer the programs, and the need to upgrade antiquated communication, data collection and public information dissemination systems.

In anticipation of the increasing demand, the Division projects it needs an additional $3 million in the SFPP funds for the remainder of fiscal year 2010.

3. Farmland Preservation: The Farmland Preservation program, begun in the early 1980's, has preserved 1,904 farms covering 183,410 acres through December 31, 2009. Overseen by the State Agriculture Development Committee (SADC), this program purchases the development rights on farmland, thereby providing capital to the farmer to expand operations, reduce debt, or provide retirement funds. Unlike the Green Acres program, preserved farmland remains as tax-paying, privately owned and managed property. The Agriculture Subcommittee recommends that the Farmland Preservation program remain as part of the Department of Agriculture and that the SADC continue to oversee the program.

To date, voter-approved bonds have been the funding source for the state's farmland preservation program. The money dedicated for farmland from the Garden State Preservation Trust has been depleted. The bonds for the 2007 bond act have been floated, and the SADC has already allocated the entire $73 million from the 2007 bond revenue for farmland preservation purposes.

The voter-approved 2009 bond act will provide $146 million to the Farmland Preservation program. The Christie administration will need to decide when those bonds will be issued. The current real estate market conditions present an opportunity to purchase easements and permanently preserve more farmland than would otherwise be possible. An early decision on the bonds will give the county, local and non-profit organizations that partner with the SADC in the preservation effort adequate notice regarding the Spring 2010 funding cycle.

While there is strong support for the continuation of the Farmland Preservation program, a long-term stable funding source has yet to be identified. One stakeholder suggested allowing slot gaming at the Meadowlands Racetrack with a portion of those revenues dedicated to help fund the program (see Horse Farms and Racing page 11). Whatever source is eventually identified, the funding should be permanently dedicated for this purpose.

An important incentive to participation in the Farmland Preservation Program (both permanently preserved and those enrolled in the voluntary Eight-Year program) is eligibility to receive 50% soil and water conservation cost share grants. These grants are for conservation-related projects that measurably protect natural resources for future generations and improve the economic viability of the farming operation. They also encourage private investment in the farm operations since the farmer is required to provide 50% of the project cost. At the present time, no funds are available for this important program. Some farmers entered the Farmland Preservation Program with the understanding they would have access to these grants but are now frustrated to learn the funding is gone. In the past, these grants had been funded by the farmland preservation bond funds, the interest resulting from those funds and/or the State's general operating fund. It is recommended that these grants be reinstated and funded out of farmland preservation bond funds and/or the interest generated by those funds.

Another key issue facing this program is the stewardship of already preserved land. With over 1,900 farms permanently preserved and over 20 years of easement purchases, a new challenge has emerged, the monitoring and enforcement of the deeds of easement. The SADC has established a Deed of Easement Subcommittee to examine the various provisions of the deed easement on matters such as allowable soil disturbance, and personal, recreational or commercial land uses. The SADC expects to complete its review on stewardship of preserved land by December 2010.

4. Dairy Industry Milk Prices: While New Jersey's dairy industry has struggled in recent years, it remains a significant contributor with 75 farms totaling 12,000 acres of productive farmland. In 2009, milk prices received by the nation's dairy farmers began to decline and New Jersey was no exception. While milk prices have a history of rising and falling, the troughs seem to be getting deeper and longer. New Jersey dairy producers are reporting losses up to $100 per cow per month (note: the current cost of production is around $17 per hundredweight of milk while the farmer's return ranged from just $11-13 per hundredweight). The pricing of milk is a component that is entirely controlled by the market, producers and handlers, but not the farmer. In-state milk processors and dealers are also being hurt; they report New Jersey risks losing in-state milk processing with an estimated loss of more than 3500 jobs. The processing situation also raises the question of how the state would continue to comply with its law that requires milk sold into the school food-service systems to come from New Jersey. The Department is currently reviewing the situation and has held hearings to determine what action should be taken. The hearing process is expected to conclude by mid-January. The Department will consider the production costs for farmers and processors and will determine whether the price to producers should be changed. The Department has 15 days after the hearings conclude to render a decision.

A strategy that would immediately help our dairy farmers in New Jersey is to allow the sale of fresh milk which is permitted in the states of New York and Pennsylvania. At the very least, this would release a competitive disadvantage New Jersey's dairy farms have in the growing market of organic/naturally grown/raised agricultural products. Although not the ultimate answer for dairy in New Jersey it at least levels the playing field and gives the dairy farmer to opportunity to compete in this niche but high value market. Because the dairy industry is dependent on corporations to process and bottle the raw material they produce, there has been discussion on perhaps forming a "cooperative" that would be owned by farmers to produce and bottle milk under the "Jersey Fresh" label.

5. Laboratory services relocation to new shared facility in May 2010: All diagnostic laboratory services conducted by the Department will be relocated to the New Jersey Public Health, Environmental and Agricultural Laboratory (NJPHEAL), State Police Campus, West Trenton. The new facility, set to open in May 2010, will provide secure testing and diagnostic laboratories for the detection of human, animal and plant pathogens. NJPHEAL will house labs for the Departments of Health and Senior Services, Environmental Protection and Agriculture.
In addition to its public safety and security benefits, this state-of-the-art facility is expected to increase program revenues and improve the efficiency of the Department's current workforce.

A prime opportunity for this new facility will be enhanced animal disease and diagnostic capabilities for the Division of Animal Health. The rapid detection of animal diseases is essential due to the potential of certain pathogens to infect humans or to devastate entire animal industries. If provided with adequate resources and advanced technology investments, the new animal health laboratory can achieve accreditation status from the American Association of Veterinary Laboratory Diagnostician's (AAVLD). Once accredited, the lab will be the only authorized facility in the state to provide complete pathology services for private veterinarians and the United States Department of Agriculture (USDA). The state's investment will yield not only vitally important animal disease surveillance capacity but will also generate additional revenue from voluntary testing services for private and public clients.

III. Contributors to Agricultural Economic Growth and Viability

In addition to the state's investment in the Department, public policies and research and extension services that support the agricultural industry are essential to continued sustainability and growth. Selected priorities are listed below.

1. Right to Farm: The right to farm is essential to the economic viability of the State's agricultural industry. New Jersey's Right to Farm Act, which is considered the nation's strongest, protects responsible farming operations from public and private nuisance actions and unreasonable local regulations. It is important that these vital protections continue.

2. New Jersey Agricultural Experiment Station (NJAES): The New Jersey Agricultural Experiment Station was established in 1880 by the state legislature to be part of Rutgers University, New Jersey's land grand college. Since that time, this historic institution has served as a critical link in public education, research and extension services related to food, agriculture and the environment.

NJAES, through its nine off-campus research and extension centers and offices in all 21 counties, provides a direct link to the expertise at Rutgers, The State University of New Jersey and together with the New Jersey Department of Agriculture, state government, the County Boards of Freeholders and the US Department of Agriculture, does its part to keep agriculture a viable and sustainable industry in our state. In addition, NJAES directly enhances the quality of life for all by providing expertise and research-based information regarding food security, nutrition and health, water quality and supply, environmental quality and economic development.

Like all state experiment stations, base funding from state and federal sources provides the foundation for NJAES programs, while competitive contracts, grants and gifts also contribute to its operations. Ninety two percent of the State's investment in the NJAES goes to pay for the Rutgers research faculty ($14.6 million) and the delivery of services to state farmers and other residents through Rutgers Cooperative Extension ($8.7 million). The direct return on the State investment in NJAES faculty research in FY2010 includes leveraged grants and contracts ($60million), USDA formula funding ($6 million), and royalty income ($6 million). Thus, each dollar of State investment in NJAES faculty research annually leverages approximately five dollars of non-State resources.

In order for NJAES to receive federal formula funds, the state must match those funds dollar for dollar. Unfortunately, state funding for NJAES has dropped to the level it was a decade ago, or when put in real (CPI adjusted) terms, it has been decreased by more than 24% during that time. Without adequate state support the vital services provided by NJAES to farmers, the agricultural business community, the NJDA and the general public, will need to be curtailed.

3. Farmland Assessment: Farmland assessment is a cornerstone public policy regarding the retention of agriculture, and all its environmental, economic and aesthetic attributes, in the most densely populated state in the nation. Article VIII, Section I, paragraph 1 of the State Constitution, as well as the "Farmland Assessment Act of 1964," provide that land used as farmland and woodland actively devoted to an agricultural or horticultural use qualifies for a reduced property tax assessment. The farmland assessment program does not apply to buildings or to the land associated with the farmhouse. Buildings and home sites on farms are assessed like all other non-farm property. To be eligible, the property must be at least five acres, have been in productive agricultural use for at least two years, and produce gross sales of at least $500 annually in agricultural products.

There has been concern that some abuse of the Farmland Assessment program has occurred. The Office of Legislative Services conducted an audit of the Farmland Assessment Act for tax year 2008 and found numerous difficulties at the local assessor level but little support for increased "intensity" of farming. The Department of Agriculture, in consultation with the Division of Taxation, has developed an "Information Guide on Farmland Assessment." The Department has accelerated its education and training program for landowners and municipal assessors, targeting a three-year project conducted with the Division of Taxation. One of the three years has been completed. Any discussion regarding changes to the basics requirements of the program, such an increase to the $500 gross sales threshold, must be done in a measured, rational manner to guarantee that there will be no unintended consequences. In addition, Farmland Assessment must continue to be tied to agricultural production.

4. Alternative Energy on Farms: As New Jersey moves forward into the 21st century, energy generation and usage will become more and more important. With the passage of the "Global Warming Response Act" and the adoption of the Energy Master Plan, New Jersey will strive to increase the use of renewable energy sources as well as to increase efforts in energy efficiency and energy conservation.

The relevant State agencies, the Department of Agriculture, the Department of Environmental Protection and the Board of Public Utilities (BPU), must take a proactive approach in furthering the use of solar, wind and biomass on farmland. For example, the BPU should authorize net metering on farms.

As owners of significant land holdings, farmers can play a major role in the placement and production of renewable energy sources, such as wind, solar, and biomass. Producing energy on-site will reduce overhead costs for farm operations as well as potentially providing an additional revenue stream by selling excess energy to the grid. On preserved farmland, the current standard of allowable daily renewable energy generation capacity may not exceed the annual farm energy need plus 10 percent. This is to ensure that preserved farmland remains devoted to agricultural rather than energy production.

Senate Bill 1538 and Assembly Bill 2859 allow biomass, solar, or wind energy generation on preserved farms under certain circumstances and also include biomass, solar, and wind energy generation on commercial farms as protected activities under the "Right to Farm Act." These bills are awaiting action by Governor Corzine. Whether implemented legislatively or through policy changes, it is strongly recommended that guidelines be established that allow farms statewide to use alternative energy sources. All farms, including permanently preserved farms and those located in regions such as the Pinelands and the Highlands, should be afforded access to this new opportunity.

5. Conservation Plans: Agricultural production is hampered by overly-restrictive regulations that jeopardize the personal livelihood of producers and can directly impact whether the land will remain in agriculture or will be converted to non-agricultural uses. During the past several years there has been a dramatic increase in regulation by rules and ordinances that adversely impact agriculture. The regulatory gauntlet is diverse and ranging from dust, sound and odor ordinances to water use, tree-harvesting, protected wildlife species and required buffers, as well as over-aggressive and inconsistent enforcement, to threats of fines and other actions that can overwhelm a responsible agricultural operation.

A potential solution is for the DEP to allow a permit-by-rule procedure for agricultural operations, whereby the natural resource concerns generally regulated by multiple sources are addressed through the development and implementation of a Farm Conservation Plan. The Department of Agriculture would take leadership on developing this plan and would utilize the expertise available from NJAES, soil and water conservation agencies, the SADC and such entities. A permit-by-rule approach will maintain the appropriate environmental standards while protecting environmentally responsible agricultural operations from overly burdensome regulations that threaten their continued viability.

IV. Constraints on Economic Growth

Unduly burdensome regulations are creating an anti-business climate that is threatening the future for New Jersey's farmers and the agri-business community. Priority areas are enumerated below.

1. Department of Environmental Protection Regulations: A recurring theme for many within the agricultural community is the overburdening impact of DEP regulations on agriculture, threatening the very economic viability of the industry. Below are a few examples of DEP regulatory issues:

a. Cranberry production: With 3,600 acres devoted to cranberry bogs, New Jersey is the third-largest cranberry producer in the United States, behind only Wisconsin and Massachusetts. The U.S. Environmental Protection Agency (EPA) strictly regulates wetland farming in cranberry producing states typically through cooperation of individual state agencies and the U.S. Army Corps of Engineers. In fact, the State of Wisconsin recently worked with the federal government to streamline the permitting process for cranberry acreage expansion while upholding these tough regulatory standards. (The permit reference is US Army Corp of Engineers GP-014-WI/St. Paul District).

The NJDEP also regulates wetland farming but has gone far beyond federal regulations and administered NJ State General Permit 23. This cranberry expansion permit includes mitigation costs of up to $30,000 per acre and far exceeds all other normal costs of new cranberry bog construction. Therefore, because of these increased regulations and associated costs, it renders New Jersey cranberry production economically non-viable. In addition, the NJDEP has determined that any cranberry bog un-harvested for 5 years is considered abandoned. To reactivate the bog requires an Individual Wetlands Permit, something that is very expensive to apply for and is rarely granted. The cranberry industry has sought to work with DEP to ensure good stewardship of the land and retain economic viability, but with limited success. Due to the state regulatory restrictions on new cranberry acreage several multi-generational family farms are considering leaving New Jersey and expanding in the Eastern Canadian provinces.

The future could be bright for cranberry production in New Jersey if state government allows it to thrive. Research at Rutgers' Marucci Blueberry and Cranberry Research Center has led to the development of three new varieties that promise higher yields, earlier harvest and more resistance to weeds and disease. These new plantings are aggressively underway in other growing regions in the US and Canada. This research benefits our growers and producers nationally thereby keeping New Jersey in the forefront of varietal development. What is desperately needed now is a more balanced regulatory climate so New Jersey's cranberry industry can reach its full potential.

b. Food Processing: The food processing industry is part of New Jersey's food system that generates an estimated $82 billion in sales each year. There is considerable opportunity for food processing and niche food production to thrive in our densely populated and ethnically diverse state. Small and midsized food and agricultural businesses in New Jersey have access to Rutgers' Food Innovation Center, a research facility located in Bridgeton. Its mission is to provide business and technology expertise, along with food safety and handling training to help encourage the production of new, value-added food products. A recent success was helping a third-generation peach farmer to turn fruit too ripe for fresh sale into cider, salsa and preserves. Conservative estimates project that by 2015, the Center will create over 1,000 new jobs.

However, the regulatory climate for the food processing industry is limiting its growth. One vegetable processor in Southern New Jersey provided the transition subcommittee with documentation of his struggle with DEP to comply with the state's wastewater regulations and the water allocation permit process. After 3 years and at a cost of over $750,000, he recently succeeded in garnering the necessary permits and met the regulatory standards. The processor had seriously considered moving out-of-state, a decision that would have resulted in the loss of over

200 jobs. Fortunately, the support network offered by the Department and the Food Innovation Center helped influence his decision to stay.

c. Nursery Production: The nursery industry is the largest contributor to the agricultural economy with an estimated annual cash receipts value of $460 million. An issue of immediate importance to this and other segments of the agricultural community is the regulations implemented by municipalities to comply with the DEP Stormwater Management Plans. DEP has set the most limited definition of "impervious cover" in the nation (material that does not allow the passage of water). Greenhouse agriculture has been particularly hard hit by limitations on the amount of land that can be covered. Recent research by water resource specialists at the NJ Agricultural Experiment Station show that not all stormwater runoff causes degradation of water quality in streams, ponds, and other water bodies. In fact, farms may serve as likely sites for favorable water recharge opportunities. A balanced, scientific approach is needed to ensure that the issue regarding impervious cover is resolved to meet both the needs of our state's agricultural industry and the legitimate concerns of municipalities.

d. Clean Water Act: The federal "Clean Water Act" controls water pollution by regulating point sources that discharge pollutants in and around waters in the U.S. through the National Pollutant Discharge Elimination System (NPDES) permit program. Previously the U.S. EPA did not require a NPDES permit for the application of pesticides for mosquito control, invasive aquatic weed control, forest canopy insect control or other registered uses of pesticides properly applied following the "Federal Insecticide, Fungicide, and Rodenticide Act" (FIFRA). The NPDES permit is generally administered at the State level, in this case the NJ DEP, under the New Jersey Pollutant Discharge Elimination System (NJPDES). Unfortunately, the U.S. Court of Appeals ruled against the FIFRA exemption, and the EPA has until April 2011 to develop and issue NPDES permits for affected parties. Immediate action by Congress is needed to clarify that pesticides applied in accordance with FIFRA are not subject to NPDES permit mandates. If Congress fails to act, all farmers (including wetlands farmers like cranberry growers), mosquito control districts, and local governments will be significantly impacted. The resources required to process these permits will strain not only farmers but also the regulatory agencies, EPA and the DEP.

The above examples show the negative impact overly burdensome DEP regulations have on agricultural production in New Jersey. It is vitally important for the DEP to work cooperatively with the Department to ensure that these regulatory programs are implemented in a manner that ensures protection for both our natural resources and the agricultural industry. A rationale approach to environmental regulations based on scientific expertise available from NJAES experts should be incorporated into DEP decision-making.

e. Water Allocation Permits: Water is an integral part of a successful farming operation. Continued access to an adequate supply of water is a necessity to ensure the viability of the agricultural industry in New Jersey. To that end, the Department of Agriculture should continue to work with the DEP and other agencies with authority over water supply to give priority for the steady supply of water for agricultural needs.

New Jersey farmers face increasing water supply restrictions, particularly in Critical Areas 1 and 2; and many agricultural certifications are being subjected to reductions in their allocations based upon actual usage. "Use it or lose it" provisions are counterproductive and create an unnecessary expense as farmers must re-apply to recapture any lost allocation.

Furthermore, the Department should work with DEP to establish an Agricultural Water Allocation Credit Program, whereby farmers who use water conservation practices that utilize water at a rate below their permit allocations should be permitted to correspondingly increase water use at other times. Such a program would encourage the implementation of water conservation measures within the agricultural community.

The department should continue to work on the development of an Agriculture Water Conservation Plan. Farmers should be encouraged to use water conservation technologies and to utilize any available state and federal cost-share grants to implement such conservation measures as drip irrigation, water recapture and reuse, and enhanced on-farm water storage techniques.

Finally, the Department should continue its outreach to the DEP as it develops the latest New Jersey Water Supply Master Plan. The present farm water demands for agriculture represent approximately six percent of the total water demand in the state. It is vitally important that the long-term needs of the industry should be taken into consideration in the new Master Plan.

2. Industry-Specific Regulatory Challenges: Below are examples of other (non-DEP) regulatory constraints and policy decisions that have a negative impact on our state's farming and agribusiness community.

a. Horse Farms and Racing: The equine industry is a significant contributor to New Jersey's economy and to the retention of its farmland. A 2007 study conducted by Rutgers Equine Science Center concluded that the equine industry has a $1.1 billion annual economic impact on the state, accounts for 13,000 jobs and pays $160 million annually in federal, state and local taxes. The industry accounts for 176,000 acres or about one-fifth of the state's 790,000 acres in agriculture.

This highly valued industry is in serious trouble. Competition from neighboring states coupled with an out-dated business model, are taking a toll on the economic viability for New Jersey's Standardbred and Thoroughbred Breeders and its public and private racetracks. A short-term solution has been Purse Enhancement Agreements (PEAs) funded by the Atlantic City Casinos. The current PEA will expire December 31, 2010. Pressured to develop a long-term solution, Governor Corzine established a committee to review the industry issues. However, it has been criticized as lacking representation from the breeding industry as well as not seeking input from the Department of Agriculture.

The industry warns that changes to the current business model are needed soon; without action this important contributor to the state's economy and its farmland base are in jeopardy. Several options to help the industry are being advanced. For example, the Standardbred Breeders & Owners Association is advocating for slot machine gaming to be allowed at the Meadowlands Racetrack. Their projections envision 10,000 slot machines that would generate $1 billion in annual revenues; a portion of which could be dedicated for Green Acres, Open Space and Farmland Preservation.

The high cost to the racing industry to support the Racing Commission was cited as a major concern and for at least one track it is their single largest expenditure. One organization suggested immediate cost savings could be realized by using a neighboring state's laboratory facility for the required racehorse tests and thereby eliminates entirely the estimated $5 million expense of the Racing Commission's laboratory.

It is recommended that the Christie administration immediately review the economic and policy constraints the industry faces and pursue the necessary changes to retain this vital segment of New Jersey's agribusiness complex. Further if slot machine gaming is determined to be part of the solution, a portion of the new revenues should be dedicated to farmland preservation and related programs that will help retain agricultural viability in our state.

b. Winery issues: The wine industry in the State is one of the fastest growing segments of the agricultural industry. New Jersey has the 3rd highest consumption of wine in the country, but wines produced in the State have only 1% of the market share. With greater advocacy for the local wine industry, this segment of the agricultural industry can truly flourish.

Until recently, New Jersey wineries were permitted to direct ship product to customers in New Jersey. Out-of-state wineries were not permitted to ship product directly to customers in New Jersey.

In a recent federal court decision, out-of-state wineries successfully sued, arguing that under the Interstate Commerce Clause of the U.S. Constitution, the out-of-state wineries were discriminated against because in-state wineries could directly ship, but they could not. The Corzine administration's solution was to forbid any winery, located in or out-of-state, from directly shipping wines to a customer.

A second federal court decision, currently being appealed by the NJ Attorney General, concluded that the same out-of-state wineries were discriminated against because in-state wineries are able to sell wine at a limited number of retail outlets. If the appeal is lost by the State, in-state wineries will be forced to close these retail outlets, which will stunt the growth of the wine growing industry in the state.

Legislation was introduced to address these issues. Senate Bill 1810 and Assembly Bill 2656 would permit a New Jersey plenary winery licensee with retail privileges or a farm winery licensee to directly ship wine to New Jersey residents. The bills also permit manufacturers, wholesalers, and retailers licensed in other states to directly ship wine to a New Jersey resident for personal consumption. With the direct shipment of wines, it has been estimated that an additional $5.32 million in revenue from the sales tax, the excise tax and licensing fees could be realized for the State.

Another issue important to the wineries involves the inability for some wineries to participate in the tourism signage program for the Department of Transportation (DOT). According to the DOT, the Tourism Oriented Directional sign program "…directs motorists to businesses and activities which draw a major portion of their visitors or income from outside the immediate area of the business or activity. The program is designed to identify tourist oriented facilities that are not located on the State highway system." While the program allows an eligible business, such as a winery, to be located within three miles of the highway, the business must be on the crossroad from the highway. In order to allow more wineries to take part in this program, the eligibility requirements should be broadened to allow for two or three turns from the highway but still be within the three mile limit.

3. Regional Land Use Law: New Jersey has two regional land use entities, the Pinelands and the Highlands that pose unique challenges for farmland owners. The increased regulatory burden imposed by these regional entities severely limits the ability of producers in these areas to remain competitive with their national peers.

a. Pinelands: Agriculture in the Pinelands is vitally important to this region's history, culture and economy, warranting protection and enhancement as envisioned by the Pinelands Protection Act (the Act). Although enactment of this transformative land use legislation occurred thirty years ago, several issues remain for farmers within the Pinelands Area.

First and foremost, there should always be representation from the agricultural industry and local residents on the Pinelands Commission. Throughout the history of the Commission, appointments made by the Governor have included at least one Commissioner who represented agriculture. Appointments should be made in a timely manner and should be comprised of people who understand the economy and cultural value of the region. This underlying premise should also apply to appointment to the Highlands Commission.

In February 2009, the State Ethics Commission ruled that Pinelands Commissioners who own land in the Pinelands area could no longer participate in discussions of amendments to the Pinelands Comprehensive Management Plan (CMP) that might impact their land. This decision was based on a changed interpretation by the Attorney General staff regarding the section of the Act that deals with conflicts of interest. That section (13:18A-17) specifically allows all members of the Commission to participate in the development and approval of the CMP, and had historically been interpreted to include amendments and revisions to the CMP. The decision effectively silences the landowners and farmers who were appointed to the Pinelands Commission as representatives for the economic interests of the residents in the Pinelands. When Pinelands Commissioners are forced to recuse themselves from discussions in which they may be the only members with working knowledge, a comprehensive discussion of CMP amendments cannot occur and the effectiveness of the Commission is seriously compromised. Senate Bill 2822 / Assembly Bill 3950 would cure the problem by clarifying that amendments to the CMP is within the purview of all commission members, removing any doubt regarding the meaning of the Act. This important clarifying legislation should be enacted as soon as possible in the new legislative session.

The Pinelands Development Credit (PDC) program is a regional transfer of Development Rights initiative designed to shift development away from land deemed important for agriculture and the environment to areas designated for growth. Multiple amendments are under consideration by the Pinelands Commission that could significantly affect the viability of the PDC program. Since PDC's are the primary means of compensating landowners for the loss of development rights within the preservation-oriented areas any changes to the PDC program must carefully weigh the impacts on everyone within the Pinelands region

b. Highlands: The enactment of the "Highlands Water Protection and Planning Act" in 2004 is viewed as a "taking" by many property owners throughout the Highlands Region. Democrat legislators who pushed for the Highlands Act promised in 2004 that a funding source would be found in order to compensate landowners whose land values diminished due to the restrictions created by the law and the ensuing regional master plan. However, a definitive, legitimate funding source has not been identified in the five years since the law's enactment. The Highlands Council has estimated that $1.3 billion would be needed to compensate owners of 162,557 acres considered to be preserved.

Farmland in the Highlands region has seen a reduction in value since 2004. Yet, the promised stream of funding has not come to fruition. Any discussion of a stable source of funding for open space and farmland preservation should include dedicated funding for the Highlands.

Legislation must be enacted that continues the dual appraisal process. The Highlands law required, for farmland and open space preservation purposes, that two appraisals must be conducted, one using the zoning and DEP land use regulations in effect at the time of the proposed acquisition and one using the zoning and the DEP land use regulations in effect on January 1, 2004, which was prior to the enactment of the Highlands law. This special appraisal process ended on June 30, 2009. By utilizing the special appraisal process, landowners are guaranteed the highest value from the State preservation programs. Hence, one of the few options available to ensure that a property owner is awarded fair compensation for his land is no longer offered. There are several pieces of legislation that address this issue. Any dual appraisal legislation should apply to all farmlands statewide impacted by regulatory down-zoning.

The Transfer of Development Rights (TDR) program has not been fully established yet, even though five years have elapsed since the Highlands law's enactment. While the Regional Master Plan does identify potential receiving areas for the TDR program, the executive director for the council announced in January 2009 that there would be no receiving areas within the entire Highlands Region. The Highlands law allows for TDR receiving zones in the counties which contain part of the Highlands region within their borders. Assembly Bill 2202 and Senate Bill 2639 allow for the establishment of a Highlands receiving zone in any municipality anywhere in the state. These bills should be re-introduced and enacted by the Legislature in the upcoming months.

In addition, there have been complaints regarding the composition of the Highlands Council. While currently 8 of the 15 members must come from the 7 counties that are included in the Highlands Region, the governor appoints the members, with the advice and consent of the Senate. Some have suggested greater representation for the counties which form the Highlands Region.

Finally, due to the impact of the decisions made by the Highlands Council, through its Regional Master Plan and other land use decisions, council membership should always include representatives from the agricultural industry and other landowners in the region. Such appointments should be made in a timely manner.

c. Transfer of Development Rights: The transfer of development rights (TDR) is a method of preserving farmland relying upon the private marketplace to fund the land's protection. New Jersey Future has convened a task force comprising various experts and stakeholders to study methods to make TDR more effective. We support New Jersey Future's continued research into this promising method of land preservation.

The concept of implementing TDR on a regional or statewide basis should be further explored. In particular, the use of TDR in any area identified for growth within a municipality or a larger region, if appropriate, should be given serious consideration.

Any statewide transfer of development credit plan should provide for incentives to more intensely develop in the receiving area. Some incentives that should be considered are providing for increased densities and permitting increased impervious coverage in these areas. These incentives help create a robust market for development credits. A strong TDR option in the private market would complement New Jersey statewide policy of revitalizing cities and towns.

V. <u>Opportunities for Change</u>

The subcommittee identified the areas cited below as having the potential to improve efficiency in the delivery of state services.

1. Transfer animal welfare units into the Department: Three departments share authority and oversight over animals – the Infectious & Zoonotic Disease Program in the Department of Health and Senior Services (DHSS), the Division of Fish and Wildlife in the Department of Environmental Protection (DEP), and the Division of Animal Health in the

Department of Agriculture. In broad strokes, the DHSS has authority over domestic animals, the DEP over wildlife, and the Department of Agriculture over livestock.

Some of the reporting requirements for veterinarians under the DHSS Infectious and Zoonotic Disease program are already called for under the Division of Animal Health in the Department of Agriculture. Transferring this unit into the Department of Agriculture will streamline these government agencies.

Transferring all units that deal with animal welfare into one department will help make the various departments more efficient. The DHSS can focus solely on public health and safety of humans, while the DEP can also focus on public health and safety of humans by concentrating on land, air and water quality. The Department of Agriculture can focus solely on the welfare of all domestic animals, wildlife and livestock.

2. Transfer Bureau of Shellfisheries Management and relevant units of the DEP Division of Fish and Wildlife into the Department: The Bureau of Shellfisheries manages shellfish programs and projects on both the Atlantic Coast and Delaware Bay. The bureau forms and implements plans for the protection and use of the state's shellfish resources.

Currently, the Department of Agriculture has substantial authority for shellfisheries including the responsibility to license persons who engage in shellfishing. However, it is the DEP that conducts biological surveys and leases shellfish beds. It would be more efficient for the Department of Agriculture to manage the shellfish beds and allow DEP to continue to conduct the biological surveys. In this way, the Department of Agriculture will be involved in all aspects of the shellfisheries and aquaculture industry.

A rule favorable to the economic viability of the oyster industry and being drafted by the DEP should be officially proposed as soon as possible. The current rules that manage the oyster industry only allow a licensed oyster dredge vessel to harvest its share of the annual oyster harvest. The draft rule would allow for the consolidation of up to three oyster dredge vessel licenses onto one harvest vessel. This change would allow vessel owners to maintain one vessel, thereby reducing annual maintenance costs and improve their profitability. This proposed rule change in strongly supported by the oyster industry and has received widespread support.

3. Transfer Fish and Game authority from DEP Division of Fish and Wildlife into the Department: Another unit within the DEP Division of Fish and Wildlife that should be considered for transfer to the Department the units with authority over fish and game interests. The Fish and Game Council and the relevant unit of the Division could be structured as an "in but not of" entity of the Department, comparable in structure to the SADC with its farmland preservation responsibility. The Endangered and Non-Game Species Program should remain with DEP.

4. Grant Authority over Forestry Management to the Department: The New Jersey Forest Service's stated mission is to "promote sound stewardship and conservation of public, private and community forest lands, to monitor and nurture forest health, to assist municipalities with the development of their tree resources and to achieve forest related economic, environmental and social benefits for current and future generations."

The Subcommittee members heard testimony from professional foresters who believe the Department is better suited to supervise both public and private forested lands. Notable areas cited with overlapping responsibility between the Department and the DEP Division of Forest Services include oversight of the Farmland Assessment Act, certain pest, disease and treatment programs, and wildlife management. The "can-do" culture at the Department further advocates for moving forestry to this agency.

The Department of Agriculture would be better suited to manage forests as is the case in many other states.

5. Combine public nutrition programs in one agency. We recommend transferring all USDA food and nutrition programs, currently located throughout state government, to the Department of Agriculture's Division of Food and Nutrition. The New Jersey Department of Agriculture presently administers programs such as The Emergency Food Assistance Program (TEFAP), the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). We suggest the Supplemental Nutrition Assistance Program (SNAP), WIC - Special Supplemental Nutrition Program for Women, Infants & Children, the Senior Farmer's Market Nutrition Program (SFMNP) and the Farmers' Market Nutrition Program (FMNP) should be integrated with the other food programs in the Department. At the federal level all these nutrition programs are administered by the Food and Nutrition Service (FNS) a unit within USDA.

We believe that it is essential to link the state's food and agricultural industry to public nutrition programs. This can be best accomplished by housing these programs in one agency. Furthermore efficiencies through better coordination among programs and a more streamlined administration will result in a more consistent and thorough delivery of service to those that depend on these vital programs. In addition one agency working with one federal agency is better than the fragmented structure that currently exists.

VI. <u>Department of Agriculture Budget</u>

During the past 8 years, the Department has seen its direct state service funding drop from $11.3 million in FY 2002, to $9.2 million in FY 2006 and the FY 2010 budget currently stands at $6.89 million. Following is a brief overview of the most recent decline in state funds.

When Governor Corzine first proposed the FY 2009 budget, he recommended that the Department of Agriculture be eliminated for a total savings of $500,000. The proposed elimination was not well received by the agricultural community or the Legislature. The Governor did not win this battle, and the Department was saved from elimination. However the department took a severe hit, a 13% reduction, in funding between FY 2008 and FY 2009.

In recent weeks, the Corzine administration, in an effort to close a budget gap in the FY 2010 budget, electronically removed $185,000 from the department's accounts in order to pay down State debt. Then, the department was ordered to reduce its FY 2010 budget by another $800,000. The department identified $100,000 in funds to return to the Treasury. The State Board has sent a letter inviting administration officials to meet with them to discuss what programs should be eliminated to reach the rest of the $800,000 cut.

At this point in time, the State Board of Agriculture has argued that any more reductions to the department's budget will result in cutting vital programs.

The department receives millions in federal funding, primarily for the School Lunch and School Breakfast program (see pages 5-6). A state match of $5.5 million is required in order to receive federal funding. There is no requirement for a state match for the School Breakfast program. In FY 2010, the State appropriated $8,059,000 for the School Lunch program and $3,000,000 for the School Breakfast program. If state funding were reduced to a total of $5.5 million there would be no loss of federal funds and the surplus state funds (estimated to be about

$5.5 million) could be redirected to other Department programs (like the State Food Purchase Program, Jersey Fresh, NJPHEAL lab etc.), New Jersey Agricultural Experiment Station programs that help retain and grow the agricultural and fisheries industry and help close the budget gap. It should be noted that participants in the school food programs would, in all likelihood, have to spend slightly more (range of 4-10 cents per meal) to make up for the reduced State funding.

VII. Statistical Data

Statistical data from the Department is available that lists all employees at the Department of Agriculture, as well as the FY 2009 and FY 2010 OLS budget analysis with Department responses, and information regarding Department utilization of office space.

VIII. Conclusion

The food and agricultural industry is a major component of the State's economy. The New Jersey food system comprises a range of activities, including: production agriculture, food processing and manufacturing, food wholesale, distribution and brokerage, food retail, and foodservice. According to NJAES researchers, the food system comprised nearly 48,000 farms and food businesses in 2002. These enterprises generated $82 billion in sales and employed 400,000 workers. The economic contribution of the food system can be better illustrated by its net contribution to Gross State Product (GSP). When linkages to supporting industries are included, it is estimated that the food system contributes 8.5 percent of New Jersey's private sector GSP and accounts for 15 percent of private sector workforce.

To retain this valuable asset the State must continue to actively preserve its farmland base and implement a policy agenda and regulatory process that enhances the economic viability of the industry. The state's 10,000 farmers, a mere one-tenth of one percent of the state's population, manage more than 15% or over 700,000 acres of the state's landscape. Our fishing industry utilizes the state's working waterfront with four ports considered in the top fifty in the country. New Jersey's food processors work directly with farmers to secure the locally grown produce for their products to market throughout the country. The 23,000 restaurants and eating establishments contribute to the character of every community in our state. These individual statistics are noteworthy but, the Agriculture Subcommittee believes that state leaders need to appreciate the entire complex, how it is interconnected and contributes as a whole to our state's quality of life.

Opportunities exist to strategically advance the food and agricultural industry contribution to New Jersey's economy due to several advantages:

Market proximity: The Garden State is in a unique position to connect the agricultural industry with the state's residents to improve their diets with the nutritious locally grown and produced food. Public feeding programs for our state's school children and the hungry are poised to better utilize locally grown and produced food. Farm-to-School programs are growing in popularity here in New Jersey and across the country.

Economic vitality: The agricultural industry can be strengthened by fostering economic development programs, by promoting and facilitating the development of new markets, by shortening the market chain between producers and consumers, and with the help of existing innovation centers by creating new and value-added products produced by our state's food and agricultural industries.

Sustainability: With trends pointing to a more sustainable economy and way of life, farmers could grow feedstock for "biomass to energy" facilities. These plants could accept food waste from food processors or retailers, livestock waste from farmers and waste that can be composted from residents. This new business, with a proven return on investment, could help generate clean energy, reduce the waste stream to landfills and provide a co-product that will improve cropland. This system is already in practice in Denmark.

Innovation: Now is the time to embrace and nurture a culture of innovation by encouraging entrepreneurs to start new businesses, directing the appropriate academic institutions to research and develop marketable business opportunities, and starting in high school, or when appropriate, even earlier, educating and challenging future leaders to manage these new potential economic opportunities.

The Agriculture Subcommittee believes the incoming Christie administration has the potential to lead this collaborative agenda for a thriving economy. The Department of Agriculture is critical to achieving this objective. This is an agenda that will make our Garden State prosperous and livable, the place our children and future generations will be proud to call home.