



Report of the
Agriculture
Transition Policy Group
SUBMITTED TO GOVERNOR-ELECT JON S. CORZINE

Final Report

January 10, 2006

PREFACE

Agriculture has always been a major component of our state's financial health. Over time, New Jersey's economy has become more diverse and grown exponentially with agriculture serving as the foundation for that growth. Moreover, while New Jersey is the most densely populated state, the farming industry still occupies nearly 20 percent of the land area and half of the remaining undeveloped land.

Despite the critical importance of New Jersey agriculture, farm producers continue to struggle. Chronic surplus production, unrelenting cost pressures, growing labor scarcity and threats of zoning regulations that devalue farmland are adding to an already bleak outlook. Policy makers need to appreciate how agriculture contributes to the quality of life and economy in the state, a sentiment shared overwhelmingly by New Jersey residents. There is a history in New Jersey of public policy action to help retain agriculture. This must continue.

Most policies affecting the future of New Jersey agriculture fall under one of two headings: land management and regulation, and economic viability of the farming business. The following recommendations of the Agriculture Transition Policy Group recognize each and strongly encourage the Corzine administration to strike the appropriate balance between the two. Pressing forward on land preservation that undermines or overshadows economic viability would be counterproductive. Allowing vital support programs to be under funded risks losing these businesses to fierce interstate and global competition.

The following guidance is respectfully suggested as a constructive start to a meaningful leadership role by the new administration.

EXECUTIVE SUMMARY

The Agriculture Transition Policy Group recommends that the Governor-Elect consider the following recommendations:

Continue a Stable Source of Funding for Farmland Preservation. For the program to continue uninterrupted, some form of stable funding needs to be in place by 2008.

Prepare to Address the Impact of Anticipated Minimum Wage Increase by Creating Off-Sets. An economic impact study on this minimum wage issue is being launched by the Rutgers-Cook College Food Policy Institute to identify the specific, adverse effects on farm employers from the new state minimum wage. The findings from this study in the spring of 2006 will be the basis of legislative recommendations to alleviate those impacts and thereby sustain agriculture viability.

Protect Property Rights of Farm Owners and Ensure Farmland Equity. It is important, if not essential, that the Administration formulate and communicate a clear and concise theme on property rights and the importance of protecting land values to the future of agriculture.

Create Incentives for Ensuring Agricultural Viability and the Continuation of Agricultural Management Practice (AMP) Development. Farm businesses have already shown innovation and resiliency in adapting to economic change. State government ought to be ready and support those adaptations with targeted tax incentives, re-investment incentives, education and re-training, product promotion, regulatory adjustments, labor availability inducements and so forth.

Strengthen New Jersey's Agriculture Industry by Supporting Existing New Jersey Department of Agriculture (NJDA) Programs, its Marketing Campaign (Jersey Fresh); and Effectively Interacting with the USDA. It is recommended that Jersey Fresh promotion spending be doubled to \$1.6 million from its present level of \$800,000.

Ensure Priority Water Allocation Standards. It is recommended that the Corzine Administration reinforce the traditional priority position for certified agricultural water users.

Provide Financial Support for New Jersey's Only Agricultural Research Institution – New Jersey Agriculture Experiment Station/Rutgers Cooperative Research and Extension (NJAES). It is recommended that the appropriation be adjusted annually to fully fund the salary account in order to stanch attrition and preserve the capacity to fulfill State mandates and the NJAES mission.

Promote the Successful Development of the Biofuels (ethanol and biodiesel) Industry in the State. Use Biofuels to Replace Alternative Fuel Vehicle (AFV) Mandate for Compressed Natural Gas.

Reorganize Research and Support Institutions for New Jersey's Fish and Aquaculture Industry. It is recommended that the Corzine administration unify and coordinate all aspects of the fishing and aquaculture research and support agencies through a new center at the New Jersey Agricultural Experiment Station.

Protect New Jersey's Equine Interests. Finally, this group recommends that the racing commission be entirely supportive of all facets of the racing industry.

Addendum – New Jersey's Commodity Group Highlights

- **NJAES Budget Highlights**
- **SADC Farmland Affordability Report**
- **Diagram of a Typical Corn-Ethanol Production Facility**
- **Summary of Fairleigh Dickinson PublicMind Poll (Nov., 2004)**

FARMLAND PRESERVATION AND STABLE FUNDING

The New Jersey Farmland preservation program ranks first in the nation in the amount of farmland preserved as a percent of total farmland. Some 17 percent of the state's farmland has been saved from development. Yet significantly more - critical to a sustained agriculture industry - will be lost to development when the existing funding source for farmland preservation runs out by the end of 2007. Ensuring a stable funding source for farmland preservation, at the current 40 percent allocation, stands as a top priority. Other issues necessary for an effective farmland preservation program include ensuring that preserved farmlands are actively farmed; having the length of time from application to closing reduced; and having funding for farmland preservation in special areas such as the Pinelands and Highlands included in any future stable funding initiative. The rate of easement purchase needs to accelerate to keep pace with demand.

Key Points of Discussion

Stable Funding Source: By the end of 2007, the Garden State Preservation Trust projects the exhaustion of the funding source for farmland preservation. The groundwork to establish a new stable source of funding has the support of a broad based coalition of agriculture and conservation interests. **For the program to continue uninterrupted, some form of stable funding needs to be in place by 2008.** Funding for farmland preservation purchases in the Highlands, Pinelands and other special areas need to be accommodated by this funding source. The current distribution of funds - 40 percent for farmland preservation - is critical to ensuring the future land base exists for agriculture to survive.

Farmland Affordability: The increasing costs of farmland -- even preserved farmland -- can present a stumbling block to those in agriculture, especially young or new farmers attempting to begin or expand their operations. Notwithstanding the need for a comprehensive approach to the preservation of agriculture, one way to help address the "affordable farmland" issue is to amend the current farmland preservation deed of easement to require the lands be actively farmed rather than the current requirement that the preserved lands be kept "available for" agriculture. The price of preserved farmland is most acute in the central counties, driven up by the terms of the current deed of easement, which unintentionally permits the use of preserved farmland for estate-purposes by non-farmers. This issue has been described and recommendations have been submitted, in a Sept., 2004 report of the Farmland Affordability/Availability Task Force (see addendum). The SADC (State Agriculture Development Committee) should be encouraged to complete its discussion and recommendations on Farmland Affordability.

Reduced Timeframe For Applicants: The 12-24 month timeframe from beginning to end of a farmland preservation purchase needs to be substantially reduced so that the program attracts landowners of the prime lands. At the same time, however, the program's integrity and credibility must be protected. This program receives intense public scrutiny that demands a high level of accountability for the funds spent. An Inspector General review of the program found it was sound, largely in part to the safeguards included in the purchase process. The timeframe should be reduced without disturbing those safeguards.

LABOR: MINIMUM WAGE OFF-SETS AND AVAILABILITY ON FARMS

Farms as small businesses employ thousands of workers in addition to the family farm sources of employment. A "cash crop" state like New Jersey is highly dependent on a stable labor supply. In fact, the production of higher value crops like nursery/landscape, vegetables and fruit comprise approximately \$611 million of the state's \$865 million (wholesale value) farming industry. These farms are labor-intensive operations with seasonal workers as well as a variety of other occupations for transportation, marketing, storage and year-round maintenance. The 2002 Census for Agriculture in New Jersey shows a statewide total of \$165 million annually in hired labor expenses.

There are two serious issues now that are pressing New Jersey farm employers: impacts of the new state minimum wage, and the pending legislation in Congress regarding immigration/undocumented workers.

The state minimum wage was raised to \$6.15 per hour in October, 2005. This will be followed by a second increase to \$7.15 and an indexing for inflation effective October, 2006. Many farm employers will struggle to cope with the multiple, adverse financial effects of these legislated mandates. The minimum wage is frequently used in agriculture as “indicator wage,” the basis to peg other wage rates, year-end bonuses and a host of other non-wage benefits that are part of the employee’s remuneration. The sponsor of the recent minimum wage legislation has promised to re-visit the issue for agriculture to find some off-sets that will protect farm viability and keep the industry at a competitive level with interstate farm commerce.

An economic impact study on this minimum wage issue is being launched by the Rutgers-Cook College Food Policy Institute to identify the specific, adverse effects on farm employers from the new state minimum wage. **The findings from this study in the spring of 2006 will be the basis of legislative recommendations to alleviate those impacts and thereby sustain agriculture viability.** This is the same approach taken for agriculture during the Florio Administration when the state minimum wage was last raised in 1992. That study helped implement the \$8 million AERDI grant program, which entitled farm employers to small cash grants on the basis of total hired labor expenses. The latitude of permitted uses of the monies and qualifying criteria based on payroll figures benefited a wide range of agricultural producers across the state. An updated version of AERDI with appropriations nearer \$10-12 million dollars could be just as beneficial as the original.

Any new program needs to also implement long term relief of wage impacts. While the AERDI grants can provide short term help to farms, larger operations need long-term programs that reflect their long range visions and goals. The New Jersey Department of Agriculture is currently developing the Agriculture Development Initiative (ADI) to address educational programs and innovation funding. **If the ADI could work in cooperation with the Proposed Edison Innovation Fund, a wide range of operations could benefit.** Also new grant/low cost loans and “in lieu of tax” programs could help operations with larger, long term building programs to provide affordable housing to employees as well as fund cold storage and packing facilities, grain elevators and leading edge equipment technologies.

Regarding immigration, the farming industry supports a “comprehensive approach” to the issue of strengthening the nation’s borders and to improve the process of registering a temporary and documentable guest worker program. The recent (Dec., 2005) House bill is greatly lacking since it narrowly focuses on border controls and punitive employer sanctions. New Jersey’s farm economy has a need for an able, diverse workforce that is reliable for both the employer and the employee. Any attempt at updating and improving the country’s immigration rules must incorporate a realistic approach even as illegal entry is curtailed.

PROTECTION OF FARMLAND EQUITY

A quick look at any listing of policy priorities for most farmers today shows a convergence under the heading of farmland “equity protection.” The asset value of farm land is highly-prized by most farmers, especially so in a metropolitan region like New Jersey. The market value of the farmland in this state, if allowed to appreciate, becomes a retirement fund, a hedge against low profits, risky markets, unpredictable weather and other uncertainties in agriculture. Government regulation of farmland, therefore, is both a leading political issue as well as a dynamic factor in the future outlook for farm owner-operators.

Land use planning programs and local zoning can be very threatening to a farmer and the real estate value equity in his or her land, unless there is a conscious policy for equity protection. The recent trend among municipalities toward re-zoning of farmland for large lots is viewed suspiciously and with trepidation as an uncompensated diminution of valuable use rights. Farmers think: “why am I being asked to subsidize the public desire for the aesthetic beauty of farmland?” State regulatory programs (Pinelands, Highlands, stream corridor set-backs, etc.) can have the same effect.

At the same time, the general public has a strong interest in the preservation of natural resources and the reduction of suburban sprawl into undisturbed rural areas of the state. Voter support for open space initiatives has been consistently strong for more than four decades. How can the state, therefore, maximize its conservation efforts without

undermining the legitimate land asset expectation of farmland owners, in a way that sustains or could even reinvigorate the desire to reinvest in agriculture?

Not all public policy is anti-equity protection. A benchmark to start from is the state's farmland preservation program created in 1981, which is administered by the State Agriculture Development Committee (SADC). This program awards grants for development easements that retire the opportunity to develop the farmland. It is based upon fair market value appraisals, similar to other public acquisition programs. Another bedrock guideline is the Policy on Equity that was adopted in 1992 as part of the State Development and Redevelopment Plan, the state's premier policy for land management. Other recent examples of state policy that support the protection of farmland equity are: the approval of the Garden State Preservation Trust (1999), which also included the specific provision for permitting the purchase of farmland easements in the Pinelands region; the market value protection for Sending Zones in the statewide transfer of development rights legislation (March, 2004) and the adoption of the January, 2004 appraisal date criteria in the Highlands Water Protection and Planning Act (August, 2004).

Thus, there currently is a bifurcated approach to farmland equity protection in the state, which produces a "Russian roulette" effect of trepidation among many farmland owners in the state. This feeling of "I could be next" to lose significant land value to down-zoning by either municipal ordinance or state regulation is debilitating to the future of agriculture. It can force the premature sale to development, forestall needed reinvestment to protect economic viability and undermine the confidence of farmers to remain in a tough, competitive business albeit one that the general public enjoys having nearby.

It is important, if not essential, that the state administration formulate and communicate a clear and concise theme on property rights and the importance of protecting land values to the future of agriculture. This should become a common framework for all public sector agencies to use when formulating open space and land regulation policies. This theme at its core should reflect the constitutional protection against "takings without compensation" and mirror the Policy on Equity contained in the state master plan (SDRP).

AGRICULTURE VIABILITY

The term "agriculture viability" is used by those in New Jersey agriculture to illustrate the challenges in sustaining a viable farm business in the state. It is rooted in the dilemma of being in a commodity business that confronts rising, urban area-induced operating costs and stagnant prices received for the commodity produced. Most often, these underlying economic factors are beyond the control of the farm operator and are coupled with the aggravating difficulties of farming in an urban state. Profitability can, however, sometimes be achieved with niche crops, entrepreneurial skill and long-term commitment. Federal programs (farm bill) and state policies (farmland assessment, right to farm, Jersey Fresh promotion) can also provide some relief.

Farmers will point out that farmland preservation by itself does not ensure agriculture viability, saying "save the farmer as well as farmland." Indeed, the formal title of the governing board for farmland preservation established in 1983 is the State Agriculture Development Committee. The term "agriculture retention" embraces the context of promoting the industry as well as protecting farmland from conversion to non-agricultural uses. (See also recommendations on stable preservation funding and affordability of deed-restricted farmland.)

State policy in support of agriculture as part of an overall economic development program finds its entry through "agriculture viability." Farmers do not want hand-outs, but would rather have economic incentives that support and encourage the businesses that are underway. Farm businesses have already shown innovation and resiliency in adapting to economic change. **State government ought to be ready and support those adaptations with targeted tax incentives, re-investment incentives, education and re-training, product promotion, regulatory adjustments, labor availability inducements and so forth.**

Examples of business innovation that seek viability in agriculture abound. Agricultural tourism (entertainment at farm markets; bed and breakfast), community farm markets (downtown tailgate markets), biofuels development, ethnic food

crops, u-pick farm marketing and so forth are but a few such ideas. Agriculture viability means self-help with a push from the state, not subsidies from the General Fund.

Agriculture viability in New Jersey is supported by strong right-to-farm legal protections, something that farm operators value highly. The right to farm is generally described as the opportunity to conduct normal farm management practices free from nuisance interference by either complaining individuals or intrusive/ ill-informed government regulation. The classic example of the need for right to farm protections is the conflict with a longstanding farm operation by a new homeowner who moves “to the country” from the city without knowing or caring about the features of a neighboring farm.

To combat that disruption, the State Agriculture Development Committee in the NJDA under the Right to Farm Act has rule-making authority to formally adopt “agricultural management practices” (AMP’s) that are the guidelines for dispute resolution. Once adopted, farm operators whose farming practices are determined to be in conformance with an AMP receive a “rebuttable presumption” to aid their defense from a complaint. These AMP’s are based upon applicable science and available research from appropriate experts. **This program deserves full support from the Corzine administration.**

By combining agricultural research and development with innovative farm management to seek viability in a tough economic climate, New Jersey could use its highly productive farmlands as an asset in sustaining the quality of life in the state. Farm viability can be strengthened if things like new technologies for energy production, bioremediation of waste, and nutraceutical plant material are developed in association with open space protection strategies. Iowa’s Governor Tom Vilsack is leading the way in his state with a major investment into biotech- related industries spinning off the processing of corn and soybean into biofuels. The Corzine plan for an Edison Innovation Fund should include a component for agriculture in a similar venture with Rutgers-Cook College.

NEW JERSEY DEPARTMENT OF AGRICULTURE ISSUES

BUDGET: The NJDA has a lean, efficient operating structure owing to several years of zero-based budgeting. The agency receives approximately \$22 million annually in state appropriations (\$9.2 mil. direct state services, \$1.5 mil. grants-in-aid, \$11.7 mil. state aid); the department also receives \$12 mil. in fee-based dedicated funds and some \$286 mil. in federal funds, most for the school lunch program.

Approximately 7-10% of the NJDA budget is allocated for operations/administration, a relatively low figure. Some 265 employees fill 289 authorized positions. Among the more noteworthy programs are the Jersey Fresh commodity promotion program (\$800,000), farmland preservation program (approx. \$78 mil. annually in state funds) and animal health protection (monitoring of avian influenza, infectious equine disease, and humane treatment of livestock standards).

JERSEY FRESH: In 1984, the Jersey Fresh program was implemented by the New Jersey Department of Agriculture and was the first state-funded marketing campaign for agricultural products produced in a state. To spur demand for New Jersey farm products, this program was designed to increase consumer awareness of the state’s agricultural products as well to encourage food retailers to promote Jersey Fresh products.

A March, 2004 report to the NJDA measuring the financial impact of this promotion program found a stunning figure of \$54.49 in returns per dollar spent on Jersey Fresh promotions. At the 2000 spending level of \$1.16 million, this state spending boosted the sales of fruits and vegetables by \$36 million and created an additional \$26 million of economic activity in agricultural support industries. That economic boost resulted in approximately \$2.2 million in new state and local tax revenues, thus more than paying for the entire appropriation. Thus, Jersey Fresh promotions spur the sale of locally-grown food versus out-of-state imports to the net economic benefit of the state.

It is recommended that Jersey Fresh promotion spending be doubled to \$1.6 million from its present level of \$800,000.

CURRENT PRIORITY RULE-MAKING: The NJDA has created and fully adopted a set of regulations governing “humane livestock standards.” These rules were crafted in a scientific and painstaking process and were among the first in the country to delineate a responsible minimum threshold for the care and treatment of domestic livestock. Despite boldly embracing this initiative in a sometimes controversial environment, the Department is under-funded in maintaining the support for these standards. **It is recommended that the NJDA receive \$100,000 in supplemental funding for these humane livestock standards.**

The NJDA is also in the final stage of a major water quality protection initiative called the “animal waste standard.” These proposed rules will implement a set of mandatory requirements on livestock producers that will account for the responsible management and disposal of animal waste. The Department has developed the guidelines with caution to avoid adverse costs or disruption to normal farming practices; final adoption is expected in the latter part of 2006.

COORDINATION WITH USDA: It is recommended that there be a direct working relationship among the Governor’s office, the state Secretary of Agriculture and the three state executive directors for the three branches of the USDA (Farm Service Agency, Natural Resource and Conservation Service, and Rural Development). This will foster open communication on a regular basis and strengthen the delivery of USDA services to farm producers in the state.

WATER ALLOCATION AND SUPPLY MANAGEMENT

Agricultural water users who register their diversion privileges and conform to allocation/reporting requirements have enjoyed priority consideration in the state of New Jersey. This policy preference reached a key milestone in 1982 when the present system for agricultural water use certifications was put in place at DEP. Uniquely, county agricultural agents of Rutgers Cooperative Research and Extension (RCRE) are strategically involved to verify the amount of the water allocation by a farmer and to pass through the paperwork to the DEP. Farmers have also served for years on the Water Advisory Committee to the DEP and the State Water Supply Authority.

Overall, water supply management by the DEP comes under greater stress each year as demand continues to grow and “safe yields” from traditional sources fall into question. The state’s “critical area” designations are used to install caution if not prohibition on the approval of new or expanded water uses. Competition is becoming keen for water diversion privileges among all water users, even as agriculture seeks to maintain its water allocation priority.

In recent years, under-funded staffing and a drifting away from traditional age water use administration by the DEP has created several problems. Long delays in certification approvals, indecision on water management questions and disputes involving several permanently preserved farms have crept into the situation. Recent changes in the DEP have corrected some of the problems, but there continues to be an uneasiness by farmers and county agricultural agents toward the water management program at DEP.

It is recommended that the Corzine administration reinforce the traditional priority position for certified agricultural water users. The bulk of the higher value crops depend on the reliable access to irrigation, while the industry itself implements sound water management practices. Confidence in water supply and management by farmers is vital to their future viability.

NEW JERSEY AGRICULTURAL EXPERIMENT STATION/RUTGERS COOPERATIVE RESEARCH AND EXTENSION

Performing the land grant mission, the NJAES is focused on research and extension in four critical areas: agriculture and food systems; environment and natural resource systems; food, nutrition and health; and human and community development. NJAES/RCRE has enormous impact in all 21 counties by providing services and research-based solutions throughout New Jersey. In spite of declining state funding, the NJAES/RCRE continues to fulfill legislated mandates while delivering programs in areas of critical importance such as bio-terrorism preparedness, food safety, food security, Integrated Pest Management (IPM), mosquito control, water quality and supply management, environmental quality, land use, 4-H and youth development, nutrition and health [esp. obesity & diabetes] in addition

to many others. NJAES is an important contributor to economic development in New Jersey. With new initiatives, it is poised to expand into major new roles in development of alternative energy, energy use efficiencies, aquaculture, maritime industries, “green” industries, and workforce development.

The NJAES/RCRE presently receives \$24.9 million in state appropriations. Although funded in part through the Higher Education budget, the NJAES uniquely does not have access to student tuition to offset budget cuts. Failure now to secure stable funding will precipitate a downward spiral in the capacity to respond to emerging issues and state needs. **It is recommended that the appropriation be adjusted annually to fully fund the salary account in order to stanch attrition and preserve the capacity to fulfill State mandates and the NJAES mission.**

NJAES research and development of living materials, related technologies, and the interface of man and the environment has made New Jersey an internationally prominent state. One such program that protects public health is IPM, which reduces crop protection pesticide use and its adverse effects on the environment by protecting water quality and reducing pesticide residues risk. Refining and reapplying IPM strategies and protocols for pest control application in schools and other public places, including the control of mosquitoes and other insect vectors of human and livestock diseases, affords the same rigor in protecting our urban residents through tailored solutions that consider the differences and similarities of urban, suburban and rural conditions. **An additional targeted \$500,000 is needed to supplement current IPM and mosquito research funding for this program to realize optimum impact.**

It is in the tradition of the NJAES/RCRE to ‘look around the corners’ and lay the solid foundation for research that supports the future. Strategic and creative public/private partnerships in addition to aggressive budget management have softened the impact of declining state funding. It has also raised issues regarding the commitment by the state to meet the land grant mission of serving the underserved. A stable source of full funding is critical to continued delivery of services and will catalyze even greater returns across the entire state. [Appended please find excerpts from the 2004-2005 Annual Report of the Executive Director of NJAES/RCRE]

BIOFUELS

All citizens in New Jersey will benefit from a bold approach to implementing the use of renewable biofuels in the state. Such an initiative will improve the viability of farming, contribute to cleaner air and water, and help reduce the nation’s over-reliance on imported petroleum. A significant first step toward biofuels development was taken with the August, 2005 legislation banning the gasoline additive MTBE. The next step would be the construction of a designated ethanol production facility and subsidiary biodiesel production operation in the state. Additionally, the state should reconsider the current alternative fuel vehicle (AFV) program in favor of a biofuels-use mandate.

Biofuels development would create a significant value-added opportunity for farmers in New Jersey who grow corn and soybeans. Lackluster markets and the high cost of trucking these commodities to points outside the state create a strong interest among growers for NJ-based biorefining. Processing technology improvements, surging petroleum prices and new demands to extend domestic motor fuel supplies now converge into a promising future for this industry to establish itself in New Jersey. State assistance may be required to overcome obstacles of high industrial land costs, regulatory unknowns and reassurances for the investment community for both ethanol and biodiesel.

It is recommended that the Corzine administration:

- 1. promote the development of biofuels production in the state**
- 2. change the AFV program mandate from compressed natural gas to biofuels, eliminating most if not all of the current \$9 million annual cost (June, 2003 report of the state auditor) in that program.**

FISHERIES AND AQUACULTURE: ECONOMIC VALUE AND UNTAPPED DEVELOPMENT

The fishing industry and its new aquaculture counterpart are little recognized for its economic impact even as it underachieves from institutional fragmentation. It is recommended that the Corzine administration take a fresh look at the need for a reorganization and consolidation that in turn could lead to greater state support to the industry.

The value of commercial fish landed at New Jersey ports exceeds \$150 million annually. It is divided into two sectors: shellfish, both inshore and offshore, for clams, scallops, oysters, etc.; and, finfish for species like menhaden, squid, mackerel and fluke. Within the finfish industry is an intense competition between commercial fishing interests and recreational fishing. A reliable source of data collection and information management would quell some of the rivalry for access to near-shore fishing resources.

New Jersey has five of the leading fishery ports on the east coast: Belford, Point Pleasant, Barnegat Light, Brigantine and Cape May. Some two-thirds of U.S. ocean clam products originate in New Jersey. There are multiple if not competing research facilities operated by the Rutgers-N.J. Ag Experiment Station (Bivalve, Tuckerton) the DEP and community colleges/state universities.

Historically, New Jersey has provided little support for the fishing industry compared to the economic value generated. A new effort to assess the unrealized economic value, identify duplicative activities and consolidate the disparate efforts will enhance the industry. While there has been some progress toward better coordination, the finfish and shellfish industries have not coordinated their efforts on research, marketing or management of the species. Leadership is needed to consolidate fishing into a stronger industry, thus realizing greater economic return to the state.

Most of the New Jersey catch is exported abroad while 70 percent of the seafood consumed in the US comes from foreign sources. An aggressive marketing and promotion campaign could help reverse this trend. Since the majority of the catch goes abroad, **development of an export initiative would help identify and enter new markets and allow new companies to successfully enter the export market.** In the past, strides were made when the aquaculture and seafood industry had a partnership with the NJ Department of Commerce. **Reestablishing this partnership would provide valuable resources to the industry.**

The 1998 USDA census reported that NJ had 28 aquatic farms. Currently, there are 172 licensed aquatic operations that follow strict guidelines to protect the environment and wild fish stocks. **Development of a general permit for aquaculture and streamlined leasing policies would allow the incorporation of innovative technologies in a more timely fashion.**

It is recommended that the Corzine administration unify and coordinate all aspects of the fishing and aquaculture research and support agencies through a new center at the New Jersey Agricultural Experiment Station to better enhance the sustainability and growth of the industry. This consolidation would be based upon an audit to assess the aquaculture and fishing industries in conjunction with existing initiatives that support them. Duplicative or non-essential activities would be identified; streamlined management and support/research programs would be recommend for legislative enactment. **The Corzine administration, in the interim, should seek some immediate support actions to fortify the commercial fishing industry in the short-term while the institutional reorganization is studied and completed.**

EQUINE INDUSTRY

New Jersey's equine industry is a complex, dynamic part of the state's economy. Operating in a densely populated state and in a rapidly-changing environment, the industry is facing formidable challenges. While extremely diverse, the industry can be divided into two segments: the racing industry and the recreational/pleasure horse industry. Monies generated from the racing "handle" are fostering the industry and the 80,000 acres of farmland open space where the equine reside.

Two cornerstones of support for New Jersey's equine industry are the Horse Park of New Jersey, a world class show facility, and the Equine Science Center of Excellence at Rutgers-Cook College. The Horse Park is operated and maintained by a non-profit corporation, unlike other facilities of its kind that are state-owned and supported. The

center is providing problem-solving research and delivering cutting-edge tools to maintain a healthy and prosperous lifestyle for horses. They are currently working on an Environment Showcase Horse Farm and an Equine Economic Survey.

One of the major problems over the years has been the distribution of the gambling dollar, with a major part being directed legislatively to lotteries and casinos. Monies generated from the Meadowlands have been used to help build and maintain the Giant Stadium, Continental Airlines Arena, the New Jersey Aquarium, and the Atlantic City Convention Center. Now, purses at racetracks in neighboring states are far exceeding our purses due to the addition of Video Lottery Terminals (VLT's) and/or slot machines at these facilities. For example, when slots became a reality in Delaware, the purses at Harrington Raceway and Dover Downs showed an increase of 1000 percent and 800 percent respectively in the last ten years. At the Meadowlands, the purses have shown a 33 percent increase that includes an additional \$4M in the Breeders Crown purses currently being held there. At Saratoga Raceway in New York, purses have increased from \$1,993,798 in 1994 to \$9,040,713 in 2004. Based on this information, slot machines in Pennsylvania and the New York City area racetracks will follow a similar trend.

A short-term approach to help save our industry will not work. We need to generate a strong and secure source of revenue. In 1988, there were 80,000 horses in the Garden State and the racing industry was ranked #1 nationwide, and in 1997 there were 49,000 horses and the ranking was considerably lower. The industry also supports thousands of jobs and is a major source of revenue for other aspects of agriculture such as hay and grain farmers, who sell large volumes of hay and straw to horse owners. This "trickle down" benefit means that supporting the equine industry will deliver great help to agricultural viability statewide.

Recommendations:

- **VLTs and/or slot machines at the race tracks operated by the casino industry- this would be a win solution for all involved.**
- **privatization of racetracks would enhance purses.**
- **a racing commission that would be entirely supportive of all facets of the racing industry.**

Support for these recommendations by the Corzine administration would signal that the State of New Jersey is committed to a resurgence equine industry.

ADDENDUM: COMMODITY GROUP HIGHLIGHTS

The composition of the Corzine agriculture transition team did well to reflect a cross-section of commodity group interests despite its small size. However, while the team attempted to cover all the major issues that affect producers in all commodity groups, there may be some gaps in that coverage. The following represents input solicited from several commodity interests by the team in an attempt to fill those gaps and touch on some topics not mentioned in the overall headings of this paper.

NURSERY/LANDSCAPE (by Carl Nordstrom, NJNLA executive director)

- permanent water conservation protocols during drought emergencies that ensure continuing water allocations.
- fully fund Jersey Fresh/Jersey Grown promotion programs; fully engage new governor in marketing campaigns.
- address viability issues of health insurance costs, fuel costs and labor availability; this then supports N.J.'s green industry that provides significant tax revenues to the state from \$4.3 billion in sales and 53,000 employees.

DAIRY (by Owen Pool, Farm Bureau dairy committee chairman)

- carefully review the proposed NJDA animal waste management regulations.
- separate the surety protection rules for milk dealers/handlers from the larger program affecting produce brokers.
- fully fund the Rutgers-Cook College program milk quality/production efficiency management assistance programs.

FORESTRY (by Tom Niederer, N.J. Forestry Association president)

- forest lands are undervalued for their values of wildlife habitat/biodiversity, rural viewsheds and recreation opportunities. Present tax rules and incentive programs do not recognize these realities.
- farmland assessment and its revenue-based policies must be changed to better reflect the reality of the 60-80 year crop rotation in timber crops by amortizing the proceeds of timber cuts.
- costs of maintenance and investment in woodland stewardship should count toward farmland assessment revenue (S-1975).
- state farmland preservation (SADC) criteria should be revised to incorporate high value woodlands.
- public forestlands are in dire need of stewardship practices.

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Executive Director, NJ Farm Bureau

Abe Bakker

Vegetable Grower

Leonard Pollara

Organic Vegetable Grower

Susan Blew

Vegetable Grower

Jim Etsch

Grain Farmer

Linda Dubois

Grain Farmer and Fruit Grower