

SENATE, No. 1420

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator DAWN MARIE ADDIEGO

District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

Provides corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing credits against the corporation business tax and
2 the gross income tax to persons leasing agricultural land to
3 beginning farmers and supplementing P.L.1945, c.162
4 (C.54:10A-1 et seq.) and Title 54A of the New Jersey Statutes.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. a. For privilege periods beginning on or after January 1 next
10 following the effective date of P.L. , c. (C.) (pending
11 before the Legislature as this bill), a taxpayer that executes an
12 agricultural assets transfer agreement with a qualified beginning
13 farmer as provided in subsection b. of this section, and that meets
14 the requirements of this section and the rules and regulations
15 adopted pursuant thereto, shall be allowed a credit against the tax
16 due pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an
17 amount as provided in subsection c. of this section.

18 b. Any agricultural assets transfer agreement for which a credit
19 is claimed pursuant to subsection a. of this section shall:

20 (1) be in writing;

21 (2) provide for the lease of agricultural land located in this
22 State, including any agricultural improvements, and may provide
23 for the rental of agricultural equipment;

24 (3) include a lease made on a cash basis, or on a commodity
25 share basis which includes a share of the crops or livestock
26 produced on the agricultural land, or both;

27 (4) be for a term of at least two years, but not more than five
28 years, which may be renewed by the qualified beginning farmer for
29 a term of at least two years, but not more than five years;

30 (5) not include a lease or the rental of equipment intended as a
31 security; and

32 (6) not be assigned, and the land subject to the agreement shall
33 not be subleased.

34 c. (1) For an agreement that includes a lease on a cash basis,
35 the tax credit shall be calculated as follows:

36 (a) If the qualified beginning farmer is a veteran, the taxpayer
37 may claim a tax credit equal to eight percent of the gross amount
38 paid to the taxpayer under the agreement for the first privilege
39 period that the tax credit is allowed, and seven percent of the gross
40 amount paid to the taxpayer for each subsequent privilege period
41 that the tax credit is allowed. However, a taxpayer may only claim
42 seven percent of the gross amount paid to the taxpayer under a
43 renewed agreement or a new agreement executed by the same
44 parties; or

45 (b) If the qualified beginning farmer is not a veteran, the
46 taxpayer may claim a tax credit equal to seven percent of the gross
47 amount paid to the taxpayer under the agreement for each privilege
48 period that the tax credit is allowed.

1 (2) For an agreement that includes a lease on a commodity share
2 basis, the tax credit shall be calculated as follows:

3 (a) If the qualified beginning farmer is a veteran, the taxpayer
4 may claim a tax credit equal to 18 percent of the amount paid to the
5 taxpayer from crops or animals sold under the agreement for the
6 first privilege period the taxpayer is allowed the tax credit, and 17
7 percent of the amount paid to the taxpayer for each subsequent
8 privilege period that the taxpayer is allowed the tax credit. The
9 taxpayer may only claim 17 percent of the amount paid to the
10 taxpayer from crops or animals sold for any privilege period under a
11 renewed agreement or a new agreement executed by the same
12 parties; or

13 (b) If the qualified beginning farmer is not a veteran, the
14 taxpayer may claim a tax credit equal to 17 percent of the amount
15 paid to the taxpayer from the crops or animals sold under the
16 agreement for each privilege period that the tax credit is allowed.

17 d. (1) To qualify for the tax credit allowed pursuant to this
18 section, a taxpayer shall apply for a certification from the secretary
19 that certifies: (a) that the agricultural assets transfer agreement
20 meets the requirements of this section; and (b) the amount of the tax
21 credit calculated pursuant to subsection c. of this section. The
22 application shall include a copy of the agricultural assets transfer
23 agreement, and any other information as determined relevant by the
24 department. Upon certification, the secretary shall submit a copy
25 thereof to the taxpayer and the director. The department may
26 approve an application and issue a certification to a taxpayer that
27 has previously been allowed a tax credit under this section. When
28 filing a tax return that includes a claim for a credit pursuant to this
29 section, the taxpayer shall include a copy of the certification issued
30 by the secretary.

31 (2) The department shall not approve an application or issue a
32 certification to a taxpayer for a tax credit in excess of \$50,000. The
33 department also shall not approve an application or issue a
34 certification to a taxpayer if any of the following applies:

35 (a) the taxpayer is at fault for terminating a prior agricultural
36 assets transfer agreement as determined by the department;

37 (b) the taxpayer is a party to a pending administrative or judicial
38 action related to an alleged violation of the rules and regulations
39 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
40 concerning the humane raising, keeping, care, treatment, marketing,
41 and sale of domestic livestock;

42 (c) the taxpayer has committed two or more violations of the
43 rules and regulations adopted pursuant to section 1 of P.L.1995,
44 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
45 treatment, marketing, and sale of domestic livestock; or

46 (d) the agricultural assets are being leased or rented at a rate
47 which is substantially higher or lower than the market rate for

1 similar agricultural assets leased or rented within the same
2 community, as determined by the department.

3 e. A taxpayer or the qualified beginning farmer may terminate
4 an agricultural assets transfer agreement as provided in the
5 agreement or by law. The taxpayer must notify the department of
6 the termination within 30 days after the termination.

7 (1) If the department determines that the taxpayer is not at fault
8 for the termination, the department shall not issue a certification to
9 the taxpayer for a subsequent privilege period based on the
10 approved application. Any prior tax credit is allowed as provided in
11 this section. The taxpayer may apply for and be issued another
12 certification for the same agricultural assets as provided in this
13 section for any remaining privilege periods for which a certificate
14 was not issued.

15 (2) If the department determines that the taxpayer is at fault for
16 the termination, any prior tax credit allowed under this section is
17 disallowed. The amount of the tax credit shall be immediately due
18 and payable as a tax liability to the Division of Taxation. If a
19 taxpayer does not notify the department of the termination within
20 30 days after the termination, the taxpayer shall be conclusively
21 deemed at fault for the termination.

22 f. The order of priority of the application of the credit allowed
23 pursuant to this section and any other credits allowed against the tax
24 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
25 a privilege period shall be as prescribed by the director. The
26 amount of the credit applied pursuant to this section against the tax
27 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),
28 shall not reduce a taxpayer's tax liability for a privilege period to an
29 amount less than the statutory minimum provided in subsection (e)
30 of section 5 of P.L.1945, c.162 (C.54:10A-5). Any credit shall be
31 valid in the privilege period in which the certification is approved
32 and any unused portion thereof may be carried forward into the next
33 10 privilege periods or until depleted, whichever is earlier.

34 g. The amount of tax credits that may be issued pursuant to this
35 section and section 2 of P.L. , c. (C.) (pending before the
36 Legislature as this bill) shall not in the aggregate exceed \$8 million
37 in any year. The department shall issue certifications for the tax
38 credit pursuant to this section and section 2 of
39 P.L. , c. (C.) (pending before the Legislature as this bill)
40 on a first-come, first-serve basis.

41 h. The secretary, in consultation with the director, shall adopt,
42 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
43 (C.52:14B-1 et seq.), rules and regulations necessary to carry out
44 the provisions of this section.

45 i. On or before January 31 of each year, the secretary shall
46 submit a report to the Governor, the State Treasurer, and, pursuant
47 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
48 the effectiveness of the tax credit in making agricultural lands and

1 assets available to beginning farmers in the State, and keeping
2 agricultural lands in production.

3 j. As used in this section:

4 “Agricultural asset” means agricultural land, depreciable
5 agricultural property, crops, or livestock.

6 “Agricultural assets transfer agreement” or “agreement” means
7 any agreement that meets the requirements of subsection b. of this
8 section.

9 “Agricultural improvement” means any improvement, building,
10 structure, or fixture suitable for use in farming which is located on
11 agricultural land.

12 “Agricultural land” means land suitable for use in farming.

13 “Beginning farmer” means a person with a low or moderate net
14 worth that engages in farming, or wishes to engage in farming.

15 “Department” means the Department of Agriculture.

16 “Farming” means the cultivation of land for the production of
17 agricultural crops, the raising of poultry, the production of eggs, the
18 production of milk, the production of fruit or other horticultural
19 crops, grazing, the production of livestock, aquaculture,
20 hydroponics, the production of forest products, or other activities
21 designated by the department pursuant to rules and regulations.

22 “Low or moderate net worth” means a net worth that does not
23 exceed the maximum allowable net worth established by the
24 department pursuant to rules and regulations. The department shall
25 determine the maximum allowable net worth by using data
26 compiled by the National Agricultural Statistics Service in the
27 United States Department of Agriculture.

28 “Production item” means tools, machinery, or equipment
29 principally used to produce crops or livestock.

30 “Qualified beginning farmer” means a beginning farmer that:

- 31 (1) is a resident of the State;
32 (2) has sufficient education, training, or experience in farming;
33 (3) has access to adequate working capital and production items;
34 (4) will materially and substantially participate in farming; and
35 (5) is not responsible for managing or maintaining agricultural
36 land and other agricultural assets that are greater than necessary to
37 adequately support a beginning farmer as determined by the
38 department pursuant to rules and regulations.

39 “Secretary” means the Secretary of Agriculture.

40 “Veteran” means any citizen and resident of this State honorably
41 discharged or released under honorable circumstances from active
42 service in any branch of the Armed Forces of the United States.

43
44 2. a. For taxable years beginning on or after January 1 next
45 following the effective date of P.L. , c. (C.) (pending
46 before the Legislature as this bill), a taxpayer that executes an
47 agricultural assets transfer agreement with a qualified beginning
48 farmer as provided in subsection b. of this section, and that meets

1 the requirements of this section and the rules and regulations
2 adopted pursuant thereto, shall be allowed a credit against the New
3 Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq., in an
4 amount as provided in subsection c. of this section.

5 b. Any agricultural assets transfer agreement for which a credit
6 is claimed pursuant to subsection a. of this section shall:

7 (1) be in writing;

8 (2) provide for the lease of agricultural land located in this
9 State, including any agricultural improvements, and may provide
10 for the rental of agricultural equipment;

11 (3) include a lease made on a cash basis, or on a commodity
12 share basis which includes a share of the crops or livestock
13 produced on the agricultural land, or both;

14 (4) be for a term of at least two years, but not more than five
15 years, which may be renewed by the qualified beginning farmer for
16 a term of at least two years, but not more than five years;

17 (5) not include a lease or the rental of equipment intended as a
18 security; and

19 (6) not be assigned, and the land subject to the agreement shall
20 not be subleased.

21 c. (1) For an agreement that includes a lease on a cash basis,
22 the tax credit shall be calculated as follows:

23 (a) If the qualified beginning farmer is a veteran, the taxpayer
24 may claim a tax credit equal to eight percent of the gross amount
25 paid to the taxpayer under the agreement for the first taxable year
26 that the tax credit is allowed, and seven percent of the gross amount
27 paid to the taxpayer for each subsequent taxable year that the tax
28 credit is allowed. However, a taxpayer may only claim seven
29 percent of the gross amount paid to the taxpayer under a renewed
30 agreement or a new agreement executed by the same parties; or

31 (b) If the qualified beginning farmer is not a veteran, the
32 taxpayer may claim a tax credit equal to seven percent of the gross
33 amount paid to the taxpayer under the agreement for each taxable
34 year that the tax credit is allowed.

35 (2) For an agreement that includes a lease on a commodity share
36 basis, the tax credit shall be calculated as follows:

37 (a) If the qualified beginning farmer is a veteran, the taxpayer
38 may claim a tax credit equal to 18 percent of the amount paid to the
39 taxpayer from crops or animals sold under the agreement for the
40 first taxable year the taxpayer is allowed the tax credit, and 17
41 percent of the amount paid to the taxpayer for each subsequent
42 taxable year that the taxpayer is allowed the tax credit. The
43 taxpayer may only claim 17 percent of the amount paid to the
44 taxpayer from crops or animals sold for any taxable year under a
45 renewed agreement or a new agreement executed by the same
46 parties; or

47 (b) If the qualified beginning farmer is not a veteran, the
48 taxpayer may claim a tax credit equal to 17 percent of the amount

1 paid to the taxpayer from the crops or animals sold under the
2 agreement for each taxable year that the tax credit is allowed.

3 d. (1) To qualify for the tax credit allowed pursuant to this
4 section, a taxpayer shall apply for a certification from the secretary
5 that certifies: (a) that the agricultural assets transfer agreement
6 meets the requirements of this section; and (b) the amount of the tax
7 credit calculated pursuant to subsection c. of this section. The
8 application shall include a copy of the agricultural assets transfer
9 agreement, and any other information as determined relevant by the
10 department. Upon certification, the secretary shall submit a copy
11 thereof to the taxpayer and the director. The department may
12 approve an application and issue a certification to a taxpayer that
13 has previously been allowed a tax credit under this section. When
14 filing a tax return that includes a claim for a credit pursuant to this
15 section, the taxpayer shall include a copy of the certification issued
16 by the secretary.

17 (2) The department shall not approve an application or issue a
18 certification to a taxpayer for a tax credit in excess of \$50,000. The
19 department also shall not approve an application or issue a
20 certification to a taxpayer if any of the following applies:

21 (a) the taxpayer is at fault for terminating a prior agricultural
22 assets transfer agreement as determined by the department;

23 (b) the taxpayer is a party to a pending administrative or judicial
24 action related to an alleged violation of the rules and regulations
25 adopted pursuant to section 1 of P.L.1995, c.311 (C.4:22-16.1)
26 concerning the humane raising, keeping, care, treatment, marketing,
27 and sale of domestic livestock;

28 (c) the taxpayer has committed two or more violations of the
29 rules and regulations adopted pursuant to section 1 of P.L.1995,
30 c.311 (C.4:22-16.1) concerning the humane raising, keeping, care,
31 treatment, marketing, and sale of domestic livestock; or

32 (d) the agricultural assets are being leased or rented at a rate
33 which is substantially higher or lower than the market rate for
34 similar agricultural assets leased or rented within the same
35 community, as determined by the department.

36 e. A taxpayer or the qualified beginning farmer may terminate
37 an agricultural assets transfer agreement as provided in the
38 agreement or by law. The taxpayer must notify the department of
39 the termination within 30 days after the termination.

40 (1) If the department determines that the taxpayer is not at fault
41 for the termination, the department shall not issue a certification to
42 the taxpayer for a subsequent taxable year based on the approved
43 application. Any prior tax credit is allowed as provided in this
44 section. The taxpayer may apply for and be issued another
45 certification for the same agricultural assets as provided in this
46 section for any remaining taxable years for which a certificate was
47 not issued.

1 (2) If the department determines that the taxpayer is at fault for
2 the termination, any prior tax credit allowed under this section is
3 disallowed. The amount of the tax credit shall be immediately due
4 and payable as a tax liability to the Division of Taxation. If a
5 taxpayer does not notify the department of the termination within
6 30 days after the termination, the taxpayer shall be conclusively
7 deemed at fault for the termination.

8 f. The order of priority of the application of the credit allowed
9 pursuant to this section and any other credits allowed against the tax
10 imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year shall
11 be as prescribed by the director. The amount of the credit applied
12 pursuant to this section against the tax imposed pursuant to
13 N.J.S.54A:1-1 et seq. shall not reduce a taxpayer's tax liability for a
14 taxable year to an amount less than zero. Any credit shall be valid
15 in the taxable year in which the certification is approved and any
16 unused portion thereof may be carried forward into the next 10
17 taxable years or until depleted, whichever is earlier.

18 g. A business entity that is classified as a partnership for
19 federal income tax purposes shall not be allowed the credit directly
20 under N.J.S.54A:1-1 et seq., but the amount of credit of the
21 taxpayer in respect of a distributive share of partnership income
22 shall be determined by allocating to the taxpayer that proportion of
23 the credit acquired by the partnership that is equal to the taxpayer's
24 share, whether or not distributed, of the total distributive income or
25 gain of the partnership for its taxable year ending within or with the
26 taxpayer's taxable year.

27 A taxpayer that is a New Jersey S corporation shall not be
28 allowed the credit directly under N.J.S.54A:1-1 et seq., but the
29 amount of credit of a taxpayer in respect of a pro rata share of S
30 corporation income shall be determined by allocating to the
31 taxpayer that proportion of the credit acquired by the New Jersey S
32 corporation that is equal to the taxpayer's share, whether or not
33 distributed, of the total pro rata share of S corporation income of the
34 New Jersey S corporation for its taxable year ending within or with
35 the taxpayer's taxable year.

36 h. The amount of tax credits that may be issued pursuant to this
37 section and section 1 of P.L. , c. (C.) (pending before the
38 Legislature as this bill) shall not in the aggregate exceed \$8 million
39 in any year. The department shall issue certifications for the tax
40 credit pursuant to this section and section 1 of
41 P.L. , c. (C.) (pending before the Legislature as this bill)
42 on a first-come, first-serve basis.

43 i. The secretary, in consultation with the director, shall adopt,
44 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
45 (C.52:14B-1 et seq.), rules and regulations necessary to carry out
46 the provisions of this section.

47 j. On or before January 31 of each year, the secretary shall
48 submit a report to the Governor, the State Treasurer, and, pursuant

1 to section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature, on
2 the effectiveness of the tax credit in making agricultural lands and
3 assets available to beginning farmers in the State, and keeping
4 agricultural lands in production.

5 k. As used in this section:

6 “Agricultural asset” means agricultural land, depreciable
7 agricultural property, crops, or livestock.

8 “Agricultural assets transfer agreement” or “agreement” means
9 any agreement that meets the requirements of subsection b. of this
10 section.

11 “Agricultural improvement” means any improvement, building,
12 structure, or fixture suitable for use in farming which is located on
13 agricultural land.

14 “Agricultural land” means land suitable for use in farming.

15 “Beginning farmer” means a person with a low or moderate net
16 worth that engages in farming, or wishes to engage in farming.

17 “Department” means the Department of Agriculture.

18 “Farming” means the cultivation of land for the production of
19 agricultural crops, the raising of poultry, the production of eggs, the
20 production of milk, the production of fruit or other horticultural
21 crops, grazing, the production of livestock, aquaculture,
22 hydroponics, the production of forest products, or other activities
23 designated by the department pursuant to rules and regulations.

24 “Low or moderate net worth” means a net worth that does not
25 exceed the maximum allowable net worth established by the
26 department pursuant to rules and regulations. The department shall
27 determine the maximum allowable net worth by using data
28 compiled by the National Agricultural Statistics Service in the
29 United States Department of Agriculture.

30 “Production item” means tools, machinery, or equipment
31 principally used to produce crops or livestock.

32 “Qualified beginning farmer” means a beginning farmer that:

- 33 (1) is a resident of the State;
34 (2) has sufficient education, training, or experience in farming;
35 (3) has access to adequate working capital and production items;
36 (4) will materially and substantially participate in farming; and
37 (5) is not responsible for managing or maintaining agricultural
38 land and other agricultural assets that are greater than necessary to
39 adequately support a beginning farmer as determined by the
40 department pursuant to rules and regulations.

41 “Secretary” means the Secretary of Agriculture.

42 “Veteran” means any citizen and resident of this State honorably
43 discharged or released under honorable circumstances from active
44 service in any branch of the Armed Forces of the United States.

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46 3. This act shall take effect immediately.

STATEMENT

This bill would provide corporation business tax and gross income tax credits to persons leasing agricultural land to beginning farmers.

Specifically, for privilege periods and taxable years beginning on or after January 1 following the effective date of this bill, a taxpayer that executes an agricultural assets transfer agreement with a qualified beginning farmer, and that meets the requirements of the bill and the regulations adopted by the Department of Agriculture (“department”), would be entitled to a tax credit as described below.

Any agricultural assets transfer agreement for which a tax credit is claimed under the bill must: (1) be in writing; (2) provide for the lease of agricultural land located in this State, including any agricultural improvements, and may provide for the rental of agricultural equipment; (3) include a lease made on a cash basis, or on a commodity share basis which includes a share of the crops or livestock produced on the agricultural land, or both; (4) be for a term of at least two years, but not more than five years, which may be renewed by the qualified beginning farmer for a term of at least two years, but not more than five years; (5) not include a lease or the rental of equipment intended as a security; and (6) not be assigned, and the land subject to the agreement could not be subleased.

Under the bill, a “qualified beginning farmer” means a person with a low or moderate net worth, as determined by the department, that engages, or wishes to engage, in farming, and that: (1) is a resident of the State; (2) has sufficient education, training, or experience in farming; (3) has access to adequate working capital and production items; (4) will materially and substantially participate in farming; and (5) is not responsible for managing or maintaining agricultural land and other agricultural assets that are greater than necessary to adequately support a beginning farmer as determined by the department pursuant to regulation.

The amount of the tax credit issued would depend on whether the lease is made on a cash basis or a commodity share basis, and whether or not the qualified beginning farmer is a veteran. For an agreement that includes a lease on a cash basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to eight percent of the gross amount paid to the taxpayer under the agreement for the first privilege period or taxable year, and seven percent for each subsequent privilege period or taxable year. If the qualified beginning farmer is not a veteran, the taxpayer may claim a tax credit equal to seven percent of the gross amount paid to the taxpayer for each privilege period or taxable year. For an agreement that includes a lease on a commodity share basis, if the qualified beginning farmer is a veteran, the taxpayer may claim a tax credit equal to 18 percent of the amount paid to the

1 taxpayer from crops or animals sold under the agreement for the
2 first privilege period or taxable year, and 17 percent for each
3 subsequent privilege period or taxable year. If the qualified
4 beginning farmer is not a veteran, the taxpayer may claim a credit
5 equal to 17 percent of the amount paid to the taxpayer from the
6 crops or animals sold under the agreement for each privilege period
7 or taxable year.

8 To qualify for a credit under the bill, a taxpayer would have to
9 apply for a certification from the Secretary of Agriculture that
10 certifies that the agricultural assets transfer agreement meets the
11 requirements of the bill, and the amount of the tax credit. The
12 department would not approve an application or issue a certification
13 to a taxpayer for a tax credit of more than \$50,000. In addition, the
14 department would not approve an application or issue a certification
15 if: (1) the taxpayer is at fault for terminating a prior agricultural
16 assets transfer agreement; (2) the taxpayer is a party to a pending
17 administrative or judicial action related to an alleged violation of
18 the regulations adopted pursuant to P.L.1995, c.311 (C.4:22-16.1)
19 concerning the humane raising, keeping, care, treatment, marketing,
20 and sale of domestic livestock; (3) the taxpayer has committed two
21 or more violations of the regulations adopted pursuant to P.L.1995,
22 c.311 (C.4:22-16.1); or (4) the agricultural assets are being leased
23 or rented at a rate which is substantially higher or lower than the
24 market rate for similar agricultural assets leased or rented within the
25 same community.

26 The tax credit could not reduce a taxpayer's tax liability for any
27 privilege period or taxable year to an amount less than zero. Any
28 credit would be valid in the privilege period or taxable year in
29 which the certification is approved and any unused portion could be
30 carried forward into the next 10 privilege periods or taxable years,
31 or until depleted, whichever is earlier. Also, the combined amount
32 of tax credits that may be issued under the bill could not in the
33 aggregate exceed \$8 million in any year. The department would
34 issue certifications for the tax credit on a first-come, first-serve
35 basis.

36 Under the bill, a taxpayer or the qualified beginning farmer may
37 terminate an agricultural assets transfer agreement as provided in
38 the agreement or by law. The taxpayer must notify the department
39 of the termination within 30 days. If the department determines that
40 the taxpayer is not at fault for the termination, the department
41 would not issue a tax credit certification to the taxpayer for a
42 subsequent privilege period or taxable year based on the approved
43 application. Any prior tax credit would be allowed. The taxpayer
44 may apply for and be issued another certification for the same
45 agricultural assets for any remaining privilege periods or taxable
46 years for which a certificate was not issued. If the department
47 determines that the taxpayer is at fault for the termination, any prior
48 tax credit allowed would be disallowed. The amount of the tax

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1 credit would be immediately due and payable as a tax liability to the
2 Division of Taxation. If a taxpayer does not notify the department
3 of a termination with 30 days after the termination, the taxpayer
4 would be conclusively deemed at fault for the termination.

5 The purpose of this bill is to provide an incentive to taxpayers to
6 make agricultural lands and assets available to beginning farmers in
7 the State, and keep agricultural lands in production.