

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 757
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: FEBRUARY 22, 2022

SUMMARY

- Synopsis:** Authorizes special occasion events at certain farms on preserved farmland, under certain conditions.
- Type of Impact:** Annual increase in State and local expenditures.
- Agencies Affected:** State Agriculture Development Committee, county agriculture development boards, certain counties and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Expenditure Increase		Approximately \$120,788	
Local Expenditure Increase		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill will result in an annual State cost increase of approximately \$120,788 based on an informal salary estimate provided by the Administration. Annual county and municipal expenditures are also likely to increase by a marginal amount.
- The bill requires counties and municipalities that hold the development rights on preserved farmland to develop an application process by which persons can apply to hold special occasion events, to review applications that they receive, and to forward information about the applications annually to the State Agricultural Development Committee (SADC). These tasks can likely be subsumed within existing staff by some counties and municipalities, although those in which there are many farms that have been preserved may need to hire additional personnel to review the applications.

BILL DESCRIPTION

This bill would authorize commercial farms that are located on preserved farmland, and that produce agricultural or horticultural products worth \$10,000 or more annually, to hold special occasion events, subject to certain conditions.

The bill would require the owner or operator of the commercial farm to apply to the grantee of the farm, i.e. the entity to which the development rights of the farm have been transferred, for

approval prior to holding a special occasion event. In cases where the grantee is also the owner of the preserved farmland, the owner would apply to the SADC for approval. The bill directs grantees to develop an application process for this purpose.

The bill would also allow the SADC and the appropriate grantee to inspect a commercial farm that has received approval for a special occasion event, without prior notice, in order to verify that it is in compliance with the bill's provisions. In addition, the bill would allow the SADC or the grantee, upon reasonable cause, to order an audit of a farm to verify that it is in compliance with the bill's provisions.

Under the bill, an owner or operator of a commercial farm who violates the bill's provisions would be subject to a civil administrative penalty of up to \$2,500 for the first offense, up to \$10,000 for the second offense, or up to \$25,000 for a third and subsequent offense. In addition, an owner or operator who repeatedly violates the bill's provisions would be prohibited from holding special occasion events on the preserved farm for a period of time that increases along with the number of violations.

Finally, the bill would require the SADC to submit an annual report to the Governor and the Legislature that includes the number of special occasion events held that year, the number of audits conducted, the amount of penalties collected, and a description of any problems associated with the holding of special occasion events reported by municipalities, county agricultural development boards (CADBs), and nonprofit organizations that are grantees. The bill would require the SADC to adopt rules and regulations to implement the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal fiscal note for this bill. However, the SADC has informed the OLS that it estimates that one new full-time employee will be required to appropriately manage the new workload. The SADC estimates the new staff member would receive a salary of approximately \$75,000 plus benefits.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an annual State cost increase of approximately \$120,788 based on an informal salary estimate provided by the Administration. Annual county and municipal expenditures are also likely to increase by a marginal amount. The bill imposes additional administrative tasks on the SADC, CADBs, and certain counties and municipalities. For example, the bill requires the SADC to review certain applications for holding special occasion events, to compile and submit annual reports to the Governor and the Legislature, and to adopt rules and regulations to implement the bill's provisions. The latter administrative burden will likely be mitigated by the fact that the SADC has adopted rules to implement a similar program, namely the pilot program to allow special occasion events at wineries on preserved farmland. As noted above, the SADC estimates that it will require one additional staff member at a yearly salary of approximately \$75,000 plus benefits to handle the additional administrative tasks imposed by the bill. Inclusive of benefits and employer taxes, the OLS calculates that the annual cost to the SADC to be \$120,788. The bill also provides for the SADC to enforce the bill's provisions, and it gives the SADC and certain counties and municipalities the authority to inspect farms that have applied to hold special occasion events for compliance with the bill's provisions. However, the additional

resources or personnel utilized for enforcement and inspection is discretionary and may vary from year to year.

The bill requires counties and municipalities that hold the development rights of preserved farmland to develop an application process by which persons can apply to hold special occasion events, to review applications that they receive, and to forward information about the applications annually to the SADC. These tasks can likely be subsumed within existing staff by some counties and municipalities, although those in which there are many preserved farms may need to hire additional personnel to review the applications. Finally, to the extent that the special occasion events authorized by the bill would require local enforcement of municipal ordinances, there may be a marginal increase in municipal expenditures. There may also be marginal recurring revenue gains from the civil administrative penalties associated with the bill.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Eric Hansen
Associate Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).