

DIMENSIONS

"FAKE FARMER'S LAW" TO HAVE REAL IMPACT ON NEW JERSEY'S FARMERS IN 2015

By C. Justin McCarthy, Esq.

Like any other year, the time is soon approaching for property owners conducting farming operations on their properties to prepare and file their annual farmland assessment application with their local assessor. Unlike years in the past however, a new law known colloquially as the "Fake Farmers Law" is now in effect for the 2015 tax year, which alters and in many respects raises the bar of requirements and reporting obligations for applicants to receive farmland assessment. On April 15, 2013, Governor Christie signed S589 (4R) into law as P.L. 2013, c.43 which revises the Farmland Assessment Act of 1964. The new law took effect on April 15, 2013, except that it is applicable to tax years commencing with tax year 2015. The purpose behind this somewhat controversial law is to weed out 'fake farmers' commonly understood to be land speculators seeking to avoid property taxes by meeting the bare minimum requirements of the farmland assessment act in order to obtain substantial reductions in tax obligations by obtaining the preferential assessments provided for by farmland assessment. The more sensational reporting on alleged abuses of farmland assessment often refer to wealthy public figures, such as Bruce Springsteen, Jon Bon Jovi, Congressmen Jon Runyan and Forbes magazine publisher Steve Forbes as individuals who have taken advantage of the farmland assessment act by hiring third parties to conduct farming operations on their properties and/or estates.

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The most glaring change to the law is the increase from \$500 to \$1,000 of the minimum gross sales requirement of agricultural or horticultural products in a given year. The \$500 amount has not changed in the nearly 50 years the Farmland Assessment Act has been in place. Another important change provided by the new law is a requirement that written proofs of sales be submitted along with the annual farmland assessment application. In years past, local assessors were only required to demand the standard farmland assessment application upon which a farmer would list the products grown or cultivated and the amounts of gross income attributable to those sales. Now written proofs, i.e. receipts, letters, invoices, must be provided as proof of sales to meet the gross income requirement of the law.

Additionally, a landowner whose farm management unit is less than seven acres (formerly 10 acres) in size must submit a narrative and a sketch relating to the agricultural or horticultural uses on the farm management unit, including information on the number of acres that will be actively devoted to such uses. The law also imposes a new penalty provision with the intent to give some 'teeth' to the law and to discourage knowingly false applications. A landowner is subject to a civil penalty of up to \$5,000 for a gross and intentional misrepresentation on an assessment application.

One aspect of the law that has not changed remains perhaps the most important requirement to obtain farmland assessment. That is the filing deadline of August 1st for farmland assessment applications to be provided to the municipal assessor. This is a strict deadline and failure to file the application on or before August 1st can be the basis to deny farmland assessment, even if the applicant's farming operations have met all of the substantive requirements of the act.

The State requires all assessors to issue letters along with their farmland applications this year in order to inform property owners of the new requirements of the Law. Should you or anyone you know have any questions or require assistance with regard to the filing of a farmland application or appealing a denial of farmland assessment, please contact us for a free consultation.



About the Author:

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