

BANKING
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING
PINELANDS DEVELOPMENT CREDIT BANK

Pinelands Development Credit Bank Rules

Readoption: N.J.A.C. 3:42

Proposed: February 18, 2003 at 35 N.J.R. 912(a)

Adopted: June 25, 2003 by Pinelands Development Credit Bank Board, Holly C. Bakke,
Chair

Filed: June 25, 2003 as R. 2003 d.289, without change.

Authority: N.J.S.A. 13:18A-30 et seq.

Effective Date: June 25, 2003

Expiration Date: June 25, 2008

Summary of Public Comments and Agency Responses:

The Pinelands Development Credit Bank Board timely received written comments from the New Jersey Builders Association and B. Sachau.

COMMENT: One commenter stated that the rules should be made “user-friendly” to facilitate development in growth areas. The commenter noted that the Pinelands Development Credit (PDC) Bank functions as the last resort purchaser and seller of Pineland Development Credits (PDCs). The commenter stated that the PDC Bank also provides purchasers with information as to who may have PDCs available for sale. The commenter stated that acquisition of PDCs needed for specific development often involves contracts with numerous sellers and transactions with a number of them. The commenter believed that this does not encourage the use of PDCs. The commenter believed that the PDC Bank should develop more smart growth relevant rules for

the sale of PDCs that it holds and to facilitate private transactions. The commenter suggested that the Bank could function more as a broker for buyers and sellers.

RESPONSE: Upon review, the Board has determined that no rule changes are required. Pursuant to the statutory scheme established under N.J.S.A. 13:18A-30 et seq., the PDC Bank system for private transactions is structured so that buyers and sellers negotiate the purchase price of PDCs between themselves. The Board recognizes that this may require buyers shopping for the best purchase price to contact several sellers to ascertain whether they are receiving the best price. In addition, buyers looking for a large number of PDCs may be required to contact several sellers in order to acquire the PDCs needed for a particular development. The Board believes that this system is fair and appropriate and continues to permit the price of PDCs to be established by the buyers and sellers pursuant to private contract, rather than having the price potentially skewed. In addition, the Board notes that pursuant to N.J.A.C. 3:42-5 and 7, the Board may purchase and sell PDCs based on the condition of the private market to further the PDC program. Moreover, the PDC Bank has assisted buyers experiencing difficulty finding sufficient sellers of PDC credits, and will continue to do so. The Board will continue to monitor this issue and will consider appropriate amendments to the rules if deemed necessary and appropriate to further the goals of the Pinelands Development Credit Bank Act, N.J.S.A. 13:18A-30 et seq.

COMMENT: One commenter believed that farmers should not have “special privileges” that other property owners do not have, and that moneys targeted for farmers should be used to buy “true open space” refuges.

RESPONSE: The commenter has apparently misconstrued the purpose of the rules. The rules implement N.J.S.A. 13:18A-30 et seq., which provides that all land owners in the defined preservation area and agricultural areas are eligible to participate in the program. While some of these areas may be farms, the PDCs allocated are based on specific property characteristics. Accordingly, farmers do not receive special privileges through the PDC program. In addition, it should be noted that nearly all PDC transactions occur between private parties, resulting in very little public funding being used to preserve these lands.

Federal Standards Statement

A Federal standards analysis is not required because the readopted rules are not directly subject to any Federal requirements or standards.

Full text of the readoption can be found in the New Jersey Administrative Code at N.J.A.C. 3:42.

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