STATE OF NEW JERSEY

Sixtieth

REPORT OF

THE STATE FARMLAND EVALUATION COMMITTEE

PRODUCTIVITY VALUES

FOR

2025 TAX YEAR

FARMLAND ASSESSMENT ACT OF 1964

CHAPTER 48, LAWS OF 1964

TRENTON, NEW JERSEY **OCTOBER, 2024**

ACKNOWLEDGMENTS

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Also acknowledged with the thanks of the Committee are the services rendered by Frank Minch, Division Director, and Sara Mellor, Agricultural Research Specialist, both of the New Jersey Department of Agriculture; and Kevin Boyle, Counsel to Property Administration, Division of Taxation.

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REPORT OF THE STATE FARMLAND EVALUATION COMMITTEE

The Farmland Assessment Act of 1964 (Chapter 48, Laws of 1964) created a State Farmland Evaluation Advisory Committee. Under the Act, the Director of the Division of Taxation, the Dean of School of Environmental and Biological Sciences, and the Secretary of Agriculture are designated as members. The Laws of 2013 Chapter 43 changed the name of the Committee to the State Farmland Evaluation Committee and expanded membership to include a municipal tax assessor, county assessor or county tax administrator, and a farmer who is a current or former member of the State Board of Agriculture. The Act prescribed the functions and responsibilities of the Committee as follows:

> "... The committee shall meet from time to time on the call of the Secretary of Agriculture or the Director of the Division of Taxation and annually determine and publish a range of values for each of the several classifications of land in agricultural and horticultural use in the various areas of the State. The committee shall determine the ranges in fair value of such land based upon its productive capabilities when devoted to agricultural or horticultural uses. In making these annual determinations of value, the committee shall consider available evidence of agricultural or horticultural capability derived from the soil survey at Rutgers, The State University; the National Co-operative Soil Survey; and such other evidence of value of land devoted exclusively to agricultural or horticultural uses as it may in its judgment deem pertinent. On or before October 1 of each year, the committee shall make these ranges of fair value available to the assessing authority in each of the taxing districts in which land in agricultural and horticultural use is located."

The original methodology of capitalizing net farm income per acre to determine the ranges in fair value of the several classifications of qualified land has been continued in this report.

Sources of primary data used in determining fair values are the U.S. Census of Agriculture (1964 through 2022), annual publications of the Economic Research Service and the National Agricultural Statistics Service of the United States Department of Agriculture, the New Jersey Department of Agriculture, the Annual FA-1 Data Report, and research publications developed at Rutgers – The State University.

The Committee submits this 2024 report for use in Tax Year 2025.

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LAND USE AND PRODUCTIVITY VALUE

The Farmland Assessment Act emphasizes the importance of land use and productivity as primary measures of value when land is devoted to agricultural production and authorizes the Committee to determine a range of fair values for the several classifications of land qualified by assessors.

Historically, farm operators have used their land in the following ways:

1. To produce crops and animal products for sale or feed for animals on the farm;
2. To remain fallow or in cover crops as part of a planned rotational program;
3. To remain unplowed for grazing or conservation purposes;
4. To remain in woods, streams, and meadows, which enhances the productivity of all the land cultivated.

LAND USE CLASSES

The historical uses of farmland described above are the basis for the land use classes listed and defined below:

1. **Cropland Harvested –** This land is the heart of a farming enterprise and represents the highest use of land in agriculture. All land from which a crop was harvested in the current year falls into this category.
2. **Cropland Pastured –** This land can be and often is used to produce crops, but its maximum income may not be realized in a particular year. Land that is fallow or in cover crops as part of a rotational program falls into this classification.
3. **Permanent Pasture –** This land is not cultivated because its maximum economic potential is realized from grazing or as part of erosion control programs. Animals may or may not be part of the farm operation for land to be qualified in this category.
4. **Non-Appurtenant Woodland –** Woodland which can only qualify for farmland assessment on the basis of being in compliance with a woodland management plan filed with the Department of Environmental Protection. It is actively devoted to the production for sale of tree and forest products.
5. **Appurtenant Woodland –** Woodland that is part of a qualified farm. Usually this land is restricted to woodlots because of slope, drainage capability, soil type, or topography. Such land has limited productive use but it provides a windbreak or watershed, or buffers or controls soil erosion.

SOIL GROUPS

Assuming average weather and management, the long-run productive capability of farmland in any of the land-use classes described previously is related primarily to the innate productivity of the soils found in those land-use classes.

To keep the valuation process within reasonable limits, the 215 soil types found in New Jersey were rated and categorized into five clearly defined soil groups by the Soils Department at Rutgers.[1]

These soil groups are described below:

Group A – **Very productive farmland –** The most desirable soil in the area because of high yields and ease of cultivation;

Group B – **Good farmland –** Desirable soil because yields are generally high and the land can be cultivated on a permanent basis;

Group C – **Fair farmland –** Yields are lower than those in soil Group B because of shallowness, propensity for drought, or excessive moisture. This land can be cultivated on a permanent basis;

Group D – **Poor farmland –** This soil is usually too wet, stony, prone to drought, or otherwise unsuitable for permanent cultivation. Yields are low when cultivated;

Group E – **Very poor farmland –** This land is often found in pasture or woodlands. Yields are very low because of excessive water, shallowness, stoniness, or frequent drought.

The boarding, rehabilitating or training of livestock is a qualified agricultural land use and deemed to be actively devoted to agriculture when the area is contiguous to land which otherwise qualifies for farmland assessment. One of the means to qualify a boarding, rehabilitating, or training facility is to use income imputed to land for grazing. This report includes imputed grazing values by soil group and county that may be found in column 6 of Tables 1 and 2.

RANGES IN FAIR VALUES OF FARMLAND

When land use and soil productivity data are combined, a range in fair value of farmland can be determined. These ranges in value are shown in Tables 1 and 2 for each county in New Jersey. The values shown in Table 1 are the ranges in the "good" soil category for the agricultural land use classes. Table 2 shows the values in Table 1 expanded to account for all five soil categories. The values in Table 2 are the Committee's estimates of the value of farmland based upon its productive capabilities when devoted to agricultural or horticultural use. These are the ranges in value which the Committee is making available to the assessing authority in each of the taxing districts in accordance with the provisions of Section 20 of the Farmland Assessment Act of 1964.

The general method of calculation of farmland values for the 2025 tax year is shown in the Appendix.

APPENDIX

(a) The U.S. Department of Agriculture publishes annual estimates of state farm income and expenses. The U.S. Census of Agriculture estimates state and county farm income every five years. These data as well as current data available in the Rutgers Department of Agricultural, Food and Resource Economics were used to estimate net farm income, the key determinant of current and future land value. The latest available estimate of statewide net farm income is shown below.

New Jersey Net Farm Income Used to Forecast 2025 Tax Year Values

	Million Dollars
Net Farm Income to Land	$154

(b) State net farm income was allocated to each county using the share of each county's agricultural sales reported in the 2022 Census of Agriculture.[2]

(c) Net income for each county was capitalized according to a return of 10% to estimate the total value of farmland in that county.[3]

Example of Determination of Total Value of Land in Farms for a County

	Net Income (Mil. $)	Capitalized Value (Mil. $)
County A	2.827	28.27

(d) When the total capitalized value of farmland in the county is determined, a value per acre can be estimated. First it is necessary to multiply the acreages in each class (cropland harvested, cropland pastured, etc.) by a weighted estimate of income potential when farmland is devoted to that land use.[4] Using total income-weighted acres for a county, land value per acre is estimated for appurtenant woodland as a base case. The income weights are then used to calculate per-acre values for the remainng land use classes, each of which is a fixed multiple of appurtenant woodland. Examples of these procedures are shown in (d.1) through (d.5).

(d.1)

Example of Acreage for a County's Land Use Classes	
Cropland Harvested	27,299
Cropland Pastured	3,686
Permanent Pasture	12,663
Non-appurtenant Woodland	39,557
Appurtenant Woodland	17,984
Total Qualified	101,189

(d.2) **Income Weights Used in the Formula to Determine Value of Land Use Classes**

Land Use Class	Income Weights
Cropland Harvested	20
Cropland Pastured	10
Permanent Pasture	4
Non-Appurtenant Woodland	3.5
Appurtenant Woodland	1

(d.3) **Example of Computing Value for Land Use Classes for a County**

Land Use Class	Acres	x	Income Weights	=	Weighted Acreage
Cropland Harvested	27,299		20		545,980
Cropland Pastured	3,686		10		36,860
Permanent Pasture	12,663		4		50,652
Non-Appurtenant Woodland	39,557		3.5		138,450
Appurtenant Woodland	17,984		1		17,984
Total Weighted Acreage					789,926

(d.4) Dividing total county capitalized value by total weighted acreage calculated in (d.3) determines the estimated fair value of one acre of appurtenant woodland in the county ("X") shown below:

$$X = \frac{\text{Total County Capitalized Value}}{\text{Weighted Acreage}} = \frac{\$28.27 \text{ Million}}{789{,}926} = \$36 \text{ per acre}$$

(d.5) Values of all land classes are calculated below:

Average Land Use Value of Classes Where X = 36

Cropland Harvested	20	x	36	=	720
Cropland Pastured	10	x	36	=	360
Permanent Pasture	4	x	36	=	144
Non-Appurtenant Woodland	3.5	x	36	=	126
Appurtenant Woodland	1	x	36	=	36

(e) Values similar to those calculated in (d.5) above are are shown in Table 1 of this report. Table 1 shows the ranges in value of the several classifications of land specified in the first paragraph of Section 20 of the Farmland Assessment Act, and which the Committee has determined for land devoted to agricultural use.

(f) When the values in Table 1 are adjusted for the productivity ratings of the soil as required in the second and third sentences of Section 20, a land value based upon land classification and soil productivity is determined.[5] The values that reflect soil productivity are the values recommended by the Committee for assessing purposes for Tax Year 2025. Assessors should note that an A value is provided which is 20% above the 100% value for cropland and 10% above the 100% values for

woodland and permanent pasture. This value is calculated for farmland of exceptional quality in the district. It also provides a margin of error for data used in the estimation process in this report.

(g) Land under farm buildings – This land, including boarding, training and rehabilitating facilities that are being used for farm activity, is valued as cropland harvested.

(h) Imputed grazing values – These values include the maintenance cost for permanent pasture (mowing/clipping, lime, fertilizer, over seeding and herbicide application) plus net income for permanent pasture derived from Table 2. Maintenance costs are updated periodically based on changes in labor, equipment and materials. Permanent pasture by definition is a marginal land use (low productivity and low income), which limits the return on labor and material inputs.

FOOTNOTES

1. Soil types were rated and categorized by Dr. John Tedrow, Late Professor of Soils at Cook College, Rutgers. A description of New Jersey soil ratings is contained in "Productive Capability of New Jersey Soils and Crops," Rutgers – The State University. A soils guide for use in connection with the valuation assessment, and taxation of land under the Farmland Assessment Act of 1964, Chapter 48, Laws of 1964 (N.J.S.A. 54:4-23.1 et seq.).

2. The single-year net income figure reported in Appendix section (a) is not used exclusively for this purpose. Instead, it is part of a trend-based forecast of state net income. This approach provides the year-to-year stability in agricultural land values that we actually observe, reflecting the fact that land value is determined by a stream of expected earnings rather than by net income from any particular year.

3. The capitalization rate of 10% considers a 7 1/2% rate of return equaling a farm mortgage rate of interest of 7 1/2% and 2 1/2% return for wages of management and unpaid family labor.

4. The number of acres in each land use class was determined by the amount of land qualified by assessors as shown in the annual FA-1 report. The income weights were determined by agricultural economists at Rutgers, The State University of New Jersey.

5. See Subchapter 14, State Farmland Evaluation Committee, N.J.A.C. 18:15-14.1.

TABLE 1
2025 County Values Per Acre by Land Classes
(column 6 shows the imputed grazing values per N.J.S.A. 54:4-23.5
and is used in determining qualifying income, not valuation)

County	Cropland Harvested		Cropland Pastured		Permanent Pasture		Non-Appurtenant Woodland		Appurtenant Woodland		Imputed Grazing Values
	Col. 1		Col. 2		Col. 3		Col. 4		Col. 5		Col. 6
	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Value Per Acre
Atlantic	100	960	100	480	100	192	100	168	100	48	193
Bergen	100	1000	100	500	100	200	100	175	100	50	194
Burlington	100	780	100	390	100	156	100	137	100	39	190
Camden	100	980	100	490	100	196	100	172	100	49	194
Cape May	100	840	100	420	100	168	100	147	100	42	191
Cumberland	100	900	100	450	100	180	100	158	100	45	192
Essex	100	1020	100	510	100	204	100	179	100	51	195
Gloucester	100	820	100	410	100	164	100	144	100	41	191
Hunterdon	100	780	100	390	100	156	100	137	100	39	190
Mercer	100	780	100	390	100	156	100	137	100	39	190
Middlesex	100	900	100	450	100	180	100	158	100	45	192
Monmouth	100	1000	100	500	100	200	100	175	100	50	194
Morris	100	980	100	490	100	196	100	172	100	49	194
Ocean	100	840	100	420	100	168	100	147	100	42	191
Passaic	100	1040	100	520	100	208	100	182	100	52	195
Salem	100	680	100	340	100	136	100	119	100	34	188
Somerset	100	800	100	400	100	160	100	140	100	40	190
Sussex	100	680	100	340	100	136	100	119	100	34	188
Union	100	920	100	460	100	184	100	161	100	46	193
Warren	100	740	100	370	100	148	100	130	100	37	189

TABLE 2

2025 County Estimates of Ranges in Value of Farmland Based Upon Land Classification and Productive Capabilities When Devoted to Agricultural or Horticultural Use

(column 6 shows the imputed grazing values per N.J.S.A. 54:4-23.5 and is used in determining qualifying income, not valuation)

County		Cropland Harvested		Cropland Pastured		Permanent Pasture		Non-Appurtenant Woodland		Appurtenant Woodland		Imputed Grazing Values
		Col. 1		Col. 2		Col. 3		Col. 4		Col. 5		Col. 6
	Soil Group	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Soil Rating	Value Per Acre	Value Per Acre
Atlantic	A	120	1152	120	576	110	211	110	185	110	53	195
	B	100	960	100	480	100	192	100	168	100	48	193
	C	70	672	70	336	80	154	90	151	90	43	190
	D	40	384	40	192	70	134	80	134	80	38	188
	E	10	96	10	48	60	115	70	118	70	34	186
Bergen	A	120	1200	120	600	110	220	110	193	110	55	196
	B	100	1000	100	500	100	200	100	175	100	50	194
	C	70	700	70	350	80	160	90	158	90	45	190
	D	40	400	40	200	70	140	80	140	80	40	188
	E	10	100	10	50	60	120	70	123	70	35	186
Burlington	A	120	936	120	468	110	172	110	150	110	43	191
	B	100	780	100	390	100	156	100	137	100	39	190
	C	70	546	70	273	80	125	90	123	90	35	187
	D	40	312	40	156	70	109	80	109	80	31	185
	E	10	78	10	39	60	94	70	96	70	27	184

Camden	A	120	1176	120	588	110	216	110	189	110	54	196
	B	100	980	100	490	100	196	100	172	100	49	194
	C	70	686	70	343	80	157	90	154	90	44	190
	D	40	392	40	196	70	137	80	137	80	39	188
	E	10	98	10	49	60	118	70	120	70	34	186
Cape May	A	120	1008	120	504	110	185	110	162	110	46	193
	B	100	840	100	420	100	168	100	147	100	42	191
	C	70	588	70	294	80	134	90	132	90	38	188
	D	40	336	40	168	70	118	80	118	80	34	186
	E	10	84	10	42	60	101	70	103	70	29	184
Cumberland	A	120	1080	120	540	110	198	110	173	110	50	194
	B	100	900	100	450	100	180	100	158	100	45	192
	C	70	630	70	315	80	144	90	142	90	41	189
	D	40	360	40	180	70	126	80	126	80	36	187
	E	10	90	10	45	60	108	70	110	70	32	185
Essex	A	120	1224	120	612	110	224	110	196	110	56	197
	B	100	1020	100	510	100	204	100	179	100	51	195
	C	70	714	70	357	80	163	90	161	90	46	191
	D	40	408	40	204	70	143	80	143	80	41	189
	E	10	102	10	51	60	122	70	125	70	36	186
Gloucester	A	120	984	120	492	110	180	110	158	110	45	192
	B	100	820	100	410	100	164	100	144	100	41	191
	C	70	574	70	287	80	131	90	129	90	37	187
	D	40	328	40	164	70	115	80	115	80	33	186
	E	10	82	10	41	60	98	70	100	70	29	184

Hunterdon	A	120	936	120	468	110	172	110	150	110	43	191
	B	100	780	100	390	100	156	100	137	100	39	190
	C	70	546	70	273	80	125	90	123	90	35	187
	D	40	312	40	156	70	109	80	109	80	31	185
	E	10	78	10	39	60	94	70	96	70	27	184

Mercer	A	120	936	120	468	110	172	110	150	110	43	191
	B	100	780	100	390	100	156	100	137	100	39	190
	C	70	546	70	273	80	125	90	123	90	35	187
	D	40	312	40	156	70	109	80	109	80	31	185
	E	10	78	10	39	60	94	70	96	70	27	184

Middlesex	A	120	1080	120	540	110	198	110	173	110	50	194
	B	100	900	100	450	100	180	100	158	100	45	192
	C	70	630	70	315	80	144	90	142	90	41	189
	D	40	360	40	180	70	126	80	126	80	36	187
	E	10	90	10	45	60	108	70	110	70	32	185

Monmouth	A	120	1200	120	600	110	220	110	193	110	55	196
	B	100	1000	100	500	100	200	100	175	100	50	194
	C	70	700	70	350	80	160	90	158	90	45	190
	D	40	400	40	200	70	140	80	140	80	40	188
	E	10	100	10	50	60	120	70	123	70	35	186

Morris	A	120	1176	120	588	110	216	110	189	110	54	196
	B	100	980	100	490	100	196	100	172	100	49	194
	C	70	686	70	343	80	157	90	154	90	44	190
	D	40	392	40	196	70	137	80	137	80	39	188
	E	10	98	10	49	60	118	70	120	70	34	186

Ocean	A	120	1008	120	504	110	185	110	162	110	46	193
	B	100	840	100	420	100	168	100	147	100	42	191
	C	70	588	70	294	80	134	90	132	90	38	188
	D	40	336	40	168	70	118	80	118	80	34	186
	E	10	84	10	42	60	101	70	103	70	29	184
Passaic	A	120	1248	120	624	110	229	110	200	110	57	197
	B	100	1040	100	520	100	208	100	182	100	52	195
	C	70	728	70	364	80	166	90	164	90	47	191
	D	40	416	40	208	70	146	80	146	80	42	189
	E	10	104	10	52	60	125	70	127	70	36	187
Salem	A	120	816	120	408	110	150	110	131	110	37	189
	B	100	680	100	340	100	136	100	119	100	34	188
	C	70	476	70	238	80	109	90	107	90	31	185
	D	40	272	40	136	70	95	80	95	80	27	184
	E	10	68	10	34	60	82	70	83	70	24	182
Somerset	A	120	960	120	480	110	176	110	154	110	44	192
	B	100	800	100	400	100	160	100	140	100	40	190
	C	70	560	70	280	80	128	90	126	90	36	187
	D	40	320	40	160	70	112	80	112	80	32	185
	E	10	80	10	40	60	96	70	98	70	28	184
Sussex	A	120	816	120	408	110	150	110	131	110	37	189
	B	100	680	100	340	100	136	100	119	100	34	188
	C	70	476	70	238	80	109	90	107	90	31	185
	D	40	272	40	136	70	95	80	95	80	27	184
	E	10	68	10	34	60	82	70	83	70	24	182

Union	A	120	1104	120	552	110	202	110	177	110	51	194
	B	100	920	100	460	100	184	100	161	100	46	193
	C	70	644	70	322	80	147	90	145	90	41	189
	D	40	368	40	184	70	129	80	129	80	37	187
	E	10	92	10	46	60	110	70	113	70	32	185

Warren	A	120	888	120	444	110	163	110	142	110	41	191
	B	100	740	100	370	100	148	100	130	100	37	189
	C	70	518	70	259	80	118	90	117	90	33	186
	D	40	296	40	148	70	104	80	104	80	30	185
	E	10	74	10	37	60	89	70	91	70	26	183