

# LEGISLATIVE FISCAL ESTIMATE

[Third Reprint]

**SENATE, No. 757**

## **STATE OF NEW JERSEY 220th LEGISLATURE**

DATED: OCTOBER 6, 2022

### **SUMMARY**

- Synopsis:** Authorizes special occasion events at certain commercial farms on preserved farmland, under certain conditions.
- Type of Impact:** Annual State expenditure increase; annual local expenditure and revenue increases.
- Agencies Affected:** State Agriculture Development Committee; municipalities; counties; Office of Administrative Law.

#### **Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>Local Expenditure Increase</b>	Indeterminate
<b>Local Revenue Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would result in an indeterminate annual expenditure increase by municipalities, particularly municipalities that contain many preserved farms. Municipalities are authorized by the bill, but not obligated, to require applications for certain special occasion events. Doing so would increase the administrative workload on the municipal government, but these tasks could likely be subsumed by current staff using existing resources.
- Municipalities that choose to require applications for special occasion events could see marginal revenue increases from the application fees. The OLS notes that the amount of these fees is limited to \$50.
- The bill would require the grantee of a farm's development rights – which may include the State Agriculture Development Committee (SADC), a county, a municipality, or a nonprofit organization – to review applications for a farm to hold special occasion events during a calendar year. This would increase the administrative workload of grantees, in varying amounts based on the number of development easements held by the grantee. The OLS notes that the bill does not require farms to apply for each special occasion event individually, mitigating the amount of administrative workload added to grantees by the bill.

- The bill would also authorize the grantee of a farm's development rights to inspect a farm on which special occasion events are held. In addition, the bill would require the SADC and the Office of Administrative Law (OAL) to enforce the bill's provisions. The OLS cannot predict the fiscal impact of these provisions, because it is unclear how many grantees will choose to inspect farms and how many enforcement actions will result from such inspections, or from other sources.

## **BILL DESCRIPTION**

The bill authorizes certain commercial farms that are located on preserved farmland, and 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 farm to receive approval from the grantee of the preserved farm's development rights to hold special occasion events during the year. The bill would also authorize a municipality to require a municipal application for a special occasion event, if the special occasion event would generate a parking or traffic flow situation, or require the expenditure of municipal resources or inspections from agencies or authorities of the municipality. The bill would limit the application fee to no more than \$50.

The bill would also allow a grantee to inspect preserved farms on which special occasion events are held in order to determine compliance with the bill's provisions. The bill authorizes such inspections to occur once annually without good cause demonstrated by the grantee or the SADC. 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 \$1,000 for the first offense, up to \$2,500 for the second offense, or up to \$5,000 for a third and subsequent offense. Enforcement responsibilities under the bill would be provided to the SADC. However, the SADC would be authorized to transmit an enforcement hearing to the OAL in accordance with the provisions of the Administrative Procedure Act.

The bill would require the SADC to adopt rules and regulations to implement the provisions of the bill and to provide certain forms, processes, and procedures as necessary to implement the bill. Finally, the bill would require the SADC to periodically report to the Governor and the Legislature on the special occasion events authorized by the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that this bill would result in an indeterminate annual expenditure increase by municipalities, particularly municipalities that contain many preserved farms. Municipalities are authorized by the bill, but not obligated, to require applications for certain special occasion events. Doing so would increase the administrative workload on the municipal government, but these tasks could likely be subsumed by current staff using existing resources. In addition, to the extent that the special occasion events authorized by the bill would require local enforcement of municipal ordinances, there may be a marginal annual increase in municipal expenditures.

Municipalities that choose to require applications for certain special occasion events could see marginal revenue increases from the application fees, depending on how many farms choose to hold events for which applications are required. The OLS notes that the bill places conditions on a municipality's authority to require an application and the information that may be requested, and limits the amount of the application fee to \$50.

The bill would require the grantee of a farm's development rights – which may include the SADC, a county, a municipality, or a nonprofit organization – to review applications for a farm to hold special occasion events during the year. This would increase the administrative workload of grantees, in varying amounts based on the number of development easements held by the grantee. The OLS notes that the bill does not require farms to apply for each special occasion event individually, mitigating the amount of administrative workload added to grantees by the bill.

The bill would also authorize the grantee of a farm's development rights to inspect a farm on which special occasion events are held. In addition, the bill would require the SADC and the Office of Administrative Law to enforce the bill's provisions. The OLS cannot predict the fiscal impact of these provisions, because it is unclear how many grantees will choose to inspect farms and how many enforcement actions will result from such inspections, or from other sources. There may also be marginal recurring revenue gains from the civil administrative penalties associated with the bill.

The bill may also result in a one-time marginal State expenditure increase, since it would require the SADC to adopt rules and regulations to implement the bill. Finally, the SADC may see a marginal annual expenditure increase as a result of the bill, since it is required to provide periodic reports to the Governor and the Legislature on the implementation of the bill. However, these tasks can likely be subsumed within existing staff duties.

*Section: Environment, Agriculture, Energy, and Natural Resources*

*Analyst: Senior Research Analyst*

*Approved: Thomas Koenig  
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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.).