

# SENATE BILL No. 296

May 1, 1991, Introduced by Senators EHLERS, GAST and  
POSTHUMUS and referred to the Committee on Appropriations.

A bill to amend section 12 of Act No. 116 of the Public Acts  
of 1974, entitled

"Farmland and open space preservation act,"

as amended by Act No. 148 of the Public Acts of 1980, being sec-  
tion 554.712 of the Michigan Compiled Laws; and to add section  
14a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 12 of Act No. 116 of the Public Acts of  
2 1974, as amended by Act No. 148 of the Public Acts of 1980, being  
3 section 554.712 of the Michigan Compiled Laws, is amended and  
4 section 14a is added to read as follows:

5 Sec. 12. (1) A development rights agreement shall be  
6 relinquished by the state at the expiration of the term of the  
7 agreement unless renewed with the consent of the owner of the  
8 land. If the owner of the land has complied with the

1 requirements of this act regarding development rights agreements,  
2 the owner ~~shall be~~ IS entitled to automatic renewal of the  
3 agreement upon written request of the landowner.

4 (2) A development rights agreement may be relinquished by  
5 the state ~~prior to~~ BEFORE a termination date contained in the  
6 instrument as follows:

7 (a) At any time the state determines that the development of  
8 the land is in the public interest and in agreement with the  
9 owner of the land.

10 (b) The owner of the land may submit an application to the  
11 local governing body having jurisdiction under this act request-  
12 ing that the development rights agreement be relinquished. The  
13 application shall be made on a form prescribed by the state land  
14 use agency. The request for relinquishment shall be processed  
15 and ~~shall be~~ IS subject to the same provisions as provided for  
16 in section 5 for review and approval.

17 (3) If the request for relinquishment of the development  
18 rights agreement is approved, the state land use agency shall  
19 prepare an instrument, subject to subsections (4), (5), (6), and  
20 (7), and ~~shall~~ record it with the register of deeds of the  
21 county in which the land is situated.

22 (4) At the time a development rights agreement is to be  
23 relinquished pursuant to subsection (2)(b), the state land use  
24 agency shall ~~cause to be prepared and recorded~~ PREPARE AND  
25 RECORD a lien against the property formerly subject to the devel-  
26 opment rights agreement for the total amount of the credit in the  
27 state income tax received by the owner under section 10. The

1 lien shall provide that interest at the rate of 6% per annum  
2 compounded shall be added to the credit from the time the credit  
3 was received until it is paid.

4 (5) The lien may be paid and discharged at any time and  
5 ~~shall become~~ IS payable to the state by the owner of record at  
6 the time the land or any portion of it is sold by the owner of  
7 record, or if the land is converted to a use prohibited by the  
8 former development rights agreement. The lien shall be dis-  
9 charged upon renewal or reentry in a development rights agree-  
10 ment, except that a subsequent lien shall not be less than the  
11 lien discharged. ~~The proceeds from the payment shall be used to~~  
12 ~~purchase development rights on land which is deemed by the state~~  
13 ~~land use agency to be a unique or critical land area that should~~  
14 ~~be preserved in its natural character, but which does not neces-~~  
15 ~~sitate direct purchase of the fee interest in the land.~~

16 (6) Upon termination of the development rights agreement  
17 pursuant to subsection (2)(a), the development rights shall  
18 revert back to the owner without penalty or interest.

19 (7) Upon the natural termination of the development rights  
20 agreement pursuant to subsection (1), the state land use agency  
21 shall ~~cause to be prepared and recorded~~ PREPARE AND RECORD a  
22 lien against the property formerly subject to the development  
23 rights agreement for the total amount of the credit in the state  
24 income tax of the last 7 years received by the owner under sec-  
25 tion 10. The lien shall be without interest or penalty and  
26 ~~shall be~~ IS payable subject to subsection (5).

1       (8) Upon termination, the state land use agency shall notify  
2 the department of treasury for their records.

3       SEC. 14A. THE PROCEEDS FROM TAX LIEN PAYMENTS MADE UNDER  
4 THIS ACT SHALL BE USED TO ADMINISTER THIS ACT BY THE STATE LAND  
5 USE AGENCY AND TO PURCHASE DEVELOPMENT RIGHTS ON LAND THAT IS  
6 CONSIDERED BY THE STATE LAND USE AGENCY TO BE UNIQUE OR CRITICAL  
7 LAND AREA THAT SHOULD BE PRESERVED IN ITS NATURAL CHARACTER, BUT  
8 THAT DOES NOT NECESSITATE DIRECT PURCHASE OF THE FEE INTEREST IN  
9 THE LAND.

10       Section 2. This amendatory act shall not take effect unless  
11 Senate Bill No. 221 of the 86th Legislature is enacted into law.