



# SENATE BILL No. 1117

April 27, 1994, Introduced by Senators BERRYMAN, DINGELL,  
KOIVISTO, CHERRY, FAUST, STABENOW and O'BRIEN and  
referred to the Committee on Finance

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 112 of the Public Acts of 1991 being sec-  
tion 554 712 of the Michigan Compiled Laws

## 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 112 of the Public Acts of 1991 being  
3 section 554 712 of the Michigan Compiled Laws, is amended to read  
4 as follows

5 Sec 12 (1) A development rights agreement shall be relin-  
6 quished by ~~the~~ THIS 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  
9 requirements of this act regarding development rights agreements,

1 the owner is entitled to automatic renewal of the agreement upon  
2 written request of the ~~landowner~~ OWNER

3 (2) A development rights agreement may be relinquished by  
4 the state before a termination date contained in the instrument  
5 ~~as follows~~ UNDER 1 OR MORE OF THE FOLLOWING CIRCUMSTANCES

6 (a) ~~At any time~~ IF the state determines that the develop-  
7 ment of the land is in the public interest and ~~in agreement~~  
8 ~~with~~ the owner of the land AGREES

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

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

21 (4) ~~At the time~~ IF a development rights agreement is to be  
22 relinquished pursuant to subsection (2)(b), the state land use  
23 agency shall prepare and record a lien against the property  
24 formerly subject to the development rights agreement for the  
25 total amount of the credit received by the owner for that prop-  
26 erty under section 10, plus interest at the rate of 6% per annum  
27 compounded annually from the time the credit was received until

1 it is paid Beginning January 1, 1989, the credit for each year  
2 the property was subject to the agreement is the allocated tax  
3 credit for the agreement that included the property being with-  
4 drawn from the agreement However, if the property being with-  
5 drawn from the agreement is less than all of the property subject  
6 to that agreement, the allocated tax credit for the agreement  
7 shall be multiplied by the property's share of the assessed valu-  
8 ation of the agreement As used in this subsection

9 (a) "The allocated tax credit for the agreement" means the  
10 amount obtained by multiplying the owner's total farmland preser-  
11 vation credit claimed in that year on all agreements by the quo-  
12 tient of the ad valorem property tax levied in that year on prop-  
13 erty subject to the development rights agreement that included  
14 the property being withdrawn from the agreement divided by the  
15 total property taxes levied on property subject to any develop-  
16 ment rights agreement and used in determining the farmland pre-  
17 servation credit in that year

18 (b) "The property's share of the assessed value of the  
19 agreement" means the quotient of the assessed value of the prop-  
20 erty being released from the agreement divided by the total  
21 assessed value of property subject to the development rights  
22 agreement that included the property being released from the  
23 agreement

24 (5) The lien may be paid and discharged at any time and is  
25 payable to the state by the owner of record at the time the land  
26 or any portion of it is sold by the owner of record, or if the  
27 land is converted to a use prohibited by the former development

1 rights agreement The lien shall be discharged upon renewal or  
2 reentry in a development rights agreement, except that a subse-  
3 quent lien shall not be less than the lien discharged

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

7 (7) Upon the natural termination of the development rights  
8 agreement pursuant to subsection (1), the state land use agency  
9 shall prepare and record a lien against the property formerly  
10 subject to the development rights agreement for the total amount  
11 of the credit of the last 7 years received by the owner under  
12 section 10, including the year of natural termination attribut-  
13 able to that development rights agreement Beginning January 1,  
14 1989, the credit for each year shall be determined by multiplying  
15 the owner's total farmland preservation credit on all agreements  
16 claimed in that year by the quotient of the ad valorem property  
17 tax levied on property subject to the expired development rights  
18 agreement that was used in determining the farmland preservation  
19 credit in that year divided by the total property taxes levied on  
20 property subject to any development rights agreement and used in  
21 determining the farmland preservation credit in that year The  
22 lien shall be without interest or penalty and is payable subject  
23 to subsection (5)

24 (8) Upon termination OF A DEVELOPMENT RIGHTS AGREEMENT, the  
25 state land use agency shall notify the department of treasury for  
26 their records

1       (9) The proceeds from lien payments made under this act  
2 shall be used BY THE STATE LAND USE AGENCY to administer this act  
3 ~~by the state land use agency~~ for fiscal years 1991-92 through  
4 1994-95 and to purchase development rights on land that is con-  
5 sidered by the state land use agency to be a unique or critical  
6 land area that should be preserved in its natural character, but  
7 which does not necessitate direct purchase of the fee interest in  
8 the land   It is the intent of the legislature that if the accu-  
9 mulated proceeds from lien payments received under this act fall  
10 below \$2,000,000 00, then the funds used to administer this act  
11 shall be appropriated from the general fund until the proceeds  
12 from the lien payments received under this act exceed  
13 \$2 000,000 00   However, the amount of lien payments used to  
14 administer this act shall not exceed \$600,000 00 in any fiscal  
15 year

16       (10) FOR FARMLAND THAT WAS PREVIOUSLY SUBJECT TO THIS ACT,  
17 THE STATE LAND USE AGENCY SHALL REDUCE THE LIEN DESCRIBED IN  
18 SUBSECTION (7) BY 1/7 OF THE AMOUNT OF THAT LIEN FOR EVERY YEAR  
19 THAT THE OWNER OF THAT FARMLAND COMPLIES WITH ALL OF THE  
20 FOLLOWING

21       (A) MAINTAINS THAT FARMLAND IN A SUBSTANTIALLY UNDEVELOPED  
22 MANNER

23       (B) MAINTAINS THAT FARMLAND IN AN AGRICULTURAL USE