



SENATE BILL No. 68

January 17, 1995, Introduced by Senator BERRYMAN and
referred to the Committee on Agriculture and Forestry.

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.