



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1127 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Senator John J. Gleason  
Committee: Agriculture

### **CONTENT**

The bill would amend Part 361 (Farmland and Open Space Preservation) of the Natural Resources and Environmental Protection Act to do the following:

- Require the State or a local governing body to relinquish an open space development rights easement if the land would be devoted to the production of perennial crops for cellulosic ethanol crops for the generation of energy.
- Provide that a lien for unpaid property taxes could not be recorded if the land would be subject to a farmland development rights agreement.

Under the Act, the owner of open space land may apply for an open space development rights easement under which the owner relinquishes to the public, in perpetuity or for a term of years, the right to develop the land. Depending on the type of land, the State or a local governing body holds the development rights, which are exempt from property taxes. If the land owner applies for relinquishment before the easement's termination date and the request is approved, the land is subject to a lien for the property taxes not paid on the development rights, plus interest.

Under the bill, an open space development rights easement would have to be relinquished before its termination date if the land would be devoted to the production of perennial crops for cellulosic ethanol crops for the generation of energy. A lien could not be recorded if the land were subject to a farmland development rights agreement.

MCL 324.36110 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

It is not possible to estimate the fiscal impact of this bill, but it probably would be very small. A property owner granted an open space development rights easement must pay property taxes only on the value of the land excluding the value of any potential development; however, if the land is prematurely withdrawn from the program, the landowner must pay the past property taxes on the value of the property's development rights that otherwise would have been assessed during the years the property was in the easement program. Under this bill, these penalties would be waived as long as: 1) the property would be used to produce perennial crops for cellulosic ethanol crops for the generation of energy, and 2) the land became subject to a farmland development rights agreement. There is no way to know how much, if any, of this land would meet these criteria.

Date Completed: 6-5-08

Fiscal Analyst: Jay Wortley

[floor\sb1127](#)

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.