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Senate Bill 472 (as reported without amendment)
Sponsor: Senator John Moolenaar
Committee: Agriculture

CONTENT

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

- Require the State land use agency to approve an application for an open space development rights easement for certain property if the land were 15 acres or more in size; did not contain any residential, commercial, or industrial structures; and were not operated as a commercial facility.
- Require the agency to submit applications for open space development rights easements to the Agriculture and Rural Development Commission, rather than the Legislature, for approval or rejection.
- Require the Legislature to reimburse local taxing authorities for revenue lost as a result of a tax exemption for development rights held by the State in an open space development rights easement.
- Allow an owner of certain property to waive the tax exemption that otherwise would apply to an open space development rights easement.
- Revise provisions regarding the appeal of a rejected application.
- Require the State land use agency to approve an appealed application if the land were 15 acres or more in size; did not contain any residential, commercial, or industrial structures; were not operated as a commercial facility; and had significant importance to the public interest of more than local concern as a valuable land resource.

MCL 324.36105 & 324.36106

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce School Aid Fund revenue and increase both General Fund and School Aid Fund expenses by an unknown amount. The magnitude of any changes would depend upon the number of properties affected and their specific characteristics. However, because the bill would require local units to be reimbursed for revenue losses, the increased expenses would include not only new property that might change its status under the bill, but also property already covered by open space development rights easements. According to data from the Michigan Department of Agriculture and Rural Development, in 2005 approximately 35% of farmland in Michigan was enrolled under various provisions of the Farmland and Open Space Preservation Act.

While the bill would require the Legislature to appropriate funds to reimburse local units, the statute cannot compel an appropriation. Based on the history of appropriations for statutory revenue sharing and payment-in-lieu-of-taxes (PILT) payments, it is likely that local units would not be held completely harmless under the bill. As a result, the bill would potentially also reduce local unit revenue by an unknown amount.

Date Completed: 6-20-11

Fiscal Analyst: David Zin

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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.