



SENATE BILL No. 523

May 11, 1995, Introduced by Senators MC MANUS and GAST
and referred to the Committee on Natural Resources and
Environmental Affairs.

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

"Farmland and open space preservation act,"

being section 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, being section 554.712 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 12. (1) A development rights agreement shall be relin-
5 quished by the state at the expiration of the term of the agree-
6 ment unless renewed with the consent of the owner of the land.
7 If the owner of the land has complied with the requirements of
8 this act regarding development rights agreements, the owner is
9 entitled to automatic renewal of the agreement upon written
10 request of the landowner.

1 (2) A development rights agreement may be relinquished by
2 the state before a termination date contained in the instrument
3 as follows:

4 (a) At any time the state determines that the development of
5 the land is in the public interest and in agreement with the
6 owner of the land.

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

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

19 (4) At the time a development rights agreement is to be
20 relinquished pursuant to subsection (2)(b), the state land use
21 agency shall prepare and record a lien against the property
22 formerly subject to the development rights agreement for the
23 total amount of the credit received by the owner for that prop-
24 erty under section 10, plus interest at the rate of 6% per annum
25 compounded annually from the time the credit was received until
26 it is paid. Beginning January 1, 1989, the credit for each year
27 the property was subject to the agreement is the allocated tax

1 credit for the agreement that included the property being
2 withdrawn from the agreement. However, if the property being
3 withdrawn from the agreement is less than all of the property
4 subject to that agreement, the allocated tax credit for the
5 agreement shall be multiplied by the property's share of the
6 assessed valuation of the agreement. As used in this
7 subsection:

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

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

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

1 reentry in a development rights agreement, except that a
2 subsequent lien shall not be less than the lien discharged.

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

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

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

25 (9) The proceeds from lien payments made under this act
26 shall be used to administer this act by the state land use agency
27 for fiscal years ~~1991-92~~ 1995-96 through ~~1994-95~~ 1999-2000

1 and to purchase development rights on land that is considered by
2 the state land use agency to be a unique or critical land area
3 that should be preserved in its natural character, but which does
4 not necessitate direct purchase of the fee interest in the land.
5 It is the intent of the legislature that if the accumulated pro-
6 ceeds from lien payments received under this act fall below
7 \$2,000,000.00, then the funds used to administer this act shall
8 be appropriated from the general fund until the proceeds from the
9 lien payments received under this act exceed \$2,000,000.00.
10 However, the amount of lien payments used to administer this act
11 shall not exceed \$600,000.00 in any fiscal year.