



HOUSE BILL No. 4867

May 18, 1995, Introduced by Reps. Bobier, Gustafson, Rhead and Middleton and referred to the Committee on Appropriations.

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 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, 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~~ THIS state before a termination date contained in the
5 instrument ~~as follows~~ UNDER EITHER OF THE FOLLOWING
6 CIRCUMSTANCES:

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

10 (b) The owner of the land may submit an application to the
11 local governing body having jurisdiction under this act request-
12 ing that the development rights agreement be relinquished. The
13 application shall be made on a form prescribed by the state land
14 use agency. The request for relinquishment shall be processed
15 and is subject to the same provisions as provided for in section
16 5 for review and approval.

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

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

1 annum compounded annually from the time the credit was received
2 until it is paid. Beginning January 1, 1989, the credit for each
3 year the property was subject to the agreement is the allocated
4 tax credit for the agreement that included the property being
5 withdrawn from the agreement. However, if the property being
6 withdrawn from the agreement is less than all of the property
7 subject to that agreement, the allocated tax credit for the
8 agreement shall be multiplied by the property's share of the
9 assessed valuation of the agreement. As used in this
10 subsection:

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

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

26 (5) The lien may be paid and discharged at any time and is
27 payable to the state by the owner of record at the time the land

1 or any portion of it is sold by the owner of record, or if the
2 land is converted to a use prohibited by the former development
3 rights agreement. The lien shall be discharged upon renewal or
4 reentry in a development rights agreement, except that a subse-
5 quent lien shall not be less than the lien discharged.

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

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

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

1 (9) The proceeds from lien payments made under this act
2 shall be used to administer this act by the state land use agency
3 ~~for fiscal years 1991-92 through 1994-95~~ and to purchase devel-
4 opment rights on land that is considered by the state land use
5 agency to be a unique or critical land area that should be pre-
6 served in its natural character, but which does not necessitate
7 direct purchase of the fee interest in the land. It is the
8 intent of the legislature that if the accumulated proceeds from
9 lien payments received under this act fall below \$2,000,000.00,
10 then the funds used to administer this act shall be appropriated
11 from the general fund until the proceeds from the lien payments
12 received under this act exceed \$2,000,000.00. However, the
13 amount of lien payments used to administer this act shall not
14 exceed \$600,000.00 in any fiscal year.