

# HOUSE BILL No. 4535

April 5, 1989, Introduced by Rep. Willis Bullard and referred to the Committee on Agriculture.

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. 148 of the Public Acts of 1980, 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. 148 of the Public Acts of 1980, 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  
6 relinquished by the 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 shall be entitled to automatic renewal of the agreement  
2 upon written request of the ~~landowner~~ OWNER OF THE LAND.

3 (2) A development rights agreement may be relinquished by  
4 the state ~~prior to~~ BEFORE a termination date contained in the  
5 instrument as follows:

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

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 shall be subject to the same provisions as provided for in  
15 section 5 for review and approval.

16 (3) IF, FOR THE 2 YEARS IMMEDIATELY FOLLOWING THE EFFECTIVE  
17 DATE OF A DEVELOPMENT RIGHTS AGREEMENT UNDER THIS ACT, THE OWNER  
18 OF THE LAND SUBJECT TO THE DEVELOPMENT RIGHTS AGREEMENT IS NOT  
19 ELIGIBLE FOR A CREDIT AGAINST THE STATE INCOME TAX LIABILITY  
20 UNDER SECTION 10 BECAUSE THE AMOUNT OF PROPERTY TAXES ON THE LAND  
21 DOES NOT EXCEED 7% OF THE HOUSEHOLD INCOME OF THE OWNER, THE  
22 STATE SHALL RELINQUISH THE DEVELOPMENT RIGHTS AGREEMENT BEFORE  
23 THE TERMINATION DATE CONTAINED IN THE DEVELOPMENT RIGHTS  
24 AGREEMENT. A DEVELOPMENT RIGHTS AGREEMENT SHALL BE RELINQUISHED  
25 BY THE STATE UNDER THIS SECTION UPON THE EXPIRATION OF 2 YEARS  
26 AFTER THE EFFECTIVE DATE OF THE DEVELOPMENT RIGHTS AGREEMENT IF

1 THE OWNER OF THE LAND CERTIFIES TO THE STATE LAND USE AGENCY THAT  
2 THE REQUIREMENTS OF THIS SUBSECTION ARE MET.

3 (4) ~~(3)~~ If A DEVELOPMENT RIGHTS AGREEMENT IS RELINQUISHED  
4 UNDER SUBSECTION (3) OR the request for relinquishment of the  
5 development rights agreement is approved UNDER SUBSECTION (2),  
6 the state land use agency shall prepare an instrument, subject to  
7 subsections ~~(4)~~, (5), (6), ~~and~~ (7), AND (8), and shall record  
8 ~~it~~ THE INSTRUMENT with the register of deeds of the county in  
9 which the land is situated.

10 (5) ~~(4)~~ At the time a development rights agreement is to  
11 be relinquished ~~pursuant to~~ UNDER subsection (2)(b), the state  
12 land use agency shall ~~cause to be prepared and recorded~~ PREPARE  
13 AND RECORD a lien against the property formerly subject to the  
14 development rights agreement for the total amount of the credit  
15 in the state income tax received by the owner under section 10.  
16 The lien shall provide that interest at the rate of 6% per annum  
17 compounded shall be added to the credit from the time the credit  
18 was received until it is paid.

19 (6) ~~(5)~~ The lien may be paid and discharged at any time  
20 and shall become payable to the state by the owner of record at  
21 the time the land or any portion of it is sold by the owner of  
22 record, or if the land is converted to a use prohibited by the  
23 former development rights agreement. The lien shall be dis-  
24 charged upon renewal or reentry in a development rights agree-  
25 ment, except that a subsequent lien shall not be less than the  
26 lien discharged. The proceeds from the payment shall be used to  
27 purchase development rights on land ~~which is deemed~~ THAT IS

1 CONSIDERED by the state land use agency to be a unique or  
2 critical land area that should be preserved in its natural char-  
3 acter, but which does not necessitate direct purchase of the fee  
4 interest in the land.

5 (7) ~~(6)~~ Upon termination of the development rights agree-  
6 ment ~~pursuant to~~ UNDER subsection (2)(a), the development  
7 rights shall revert back to the owner without penalty or  
8 interest.

9 (8) ~~(7)~~ Upon the ~~natural~~ termination of the development  
10 rights agreement ~~pursuant to~~ UNDER subsection (1), the state  
11 land use agency shall ~~cause to be prepared and recorded~~ PREPARE  
12 AND RECORD a lien against the property formerly subject to the  
13 development rights agreement for the total amount of the credit  
14 in the state income tax of the last 7 years received by the owner  
15 under section 10. The lien shall be without interest or penalty  
16 and shall be payable subject to subsection ~~(5)~~ (6).

17 (9) ~~(8)~~ Upon termination, the state land use agency shall  
18 notify the department of treasury for their records.