Heart of the Lakes Center for Land Conservation Policy
Testimony for HB 4158
9.30.09

Thank you Mr. Chair and members of the Agriculture Committee.

My name is Katie Kahl. I'm the Director of Conservation and Policy Research at Heart of the Lakes Center for Land Conservation Policy. Heart of the Lakes is a statewide organization representing Michigan's 38 local land conservancies who work with landowners to protect lands with natural, recreational, scenic, and agricultural value. Land conservancies are often instrumental in local farmland protection efforts, working with local, state, and federal government to leverage programs and assist landowners. Heart of the Lakes strengthens land conservancy work by researching and advocating sound public policies and providing tools and services to our member land conservancies.

Heart of the Lakes Center for Land Conservation Policy strongly supports House Bill 4158. As you know, agriculture is a $73 billion industry in Michigan. We boast the second-most diverse crop production in the country. We produce over 120 commodity crops on over 10 million acres of land. Agriculture is arguably the #2 revenue source in the state, employing over 1 million citizens. In addition to the economic incentives, the environmental benefits to agricultural preservation include open land for groundwater recharge, connections for wildlife habitat, and migration corridors. Additional social benefits include accessibility to fresh local foods, preservation of scenic viewsheds, and agro-tourism opportunities.

Critical to the protection of Michigan's economically and environmentally significant agricultural industry is protection of the land base that supports it. Michigan can't afford *not* to invest in agricultural land protection.

As you know, there is currently $12.8 million in outstanding back-liens owed to the state through landowners defaulting on PA 116 agreements. This bill simply provides a way to recapture some of this money legally owed to the state and provides a mechanism to ensure payback in the future. This bill supports protection of an important land-based industry and does not have a negative fiscal impact – in fact supporting this bill is supporting the state's ability to collect found money.

HB 4158 proposes that all new PA 116 agreements, after an agreed-upon date, will have included in their language an interest clause to incentivize landowners to pay back a lien in the future, should a landowner acquire one by dis-enrolling in the PA 116 program (a condition

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which they agreed to when they signed up for the program). Any creditor expects you to pay money that is owed to them, so should the state.

For those landowners who already owe a portion of the $12.8 million owned to the state, the bill proposes that a 15% "discount window" be offered for 3 months to incentivize pay back. A subsequent 10% discount window would be offered for the following 6 months. This gives landowners ample time to pay the state back – and at a slightly reduced rate.

Additionally a small change in transfer fees is included in the bill. Currently MDA assumes around a $250 cost (staff, legal work) each time a property is transferred or split. They're only getting paid $25 under current statute. The bill proposes to raise their compensation to $50 and then to $75 in 5 years – not a huge increase, but it helps.

From a land conservation perspective, Heart of the Lakes, on behalf of Michigan's land conservancies, supports HB 4158 because it is an investment in local farmland protection. The money recaptured by HB 4158 will flow into the State Agriculture Preservation Fund, which in turn awards those dollars to local Purchase of Development Rights programs that permanently protect the important farmland on which Michigan's $73 billion industry is based.

Heart of the Lakes is pleased to offer our support for the bill and we thank you for your time and the opportunity to provide these comments.