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**Legal Authority:** Public Act 451 of 1994, as amended MCL 324.36101

**Description of the Program:**

- The Farmland and Open Space Preservation Program (PA 116) preserves farmland from being developed for non-agricultural uses.
- Participating landowners are exempt from some special property tax assessments and may also receive a Michigan income tax credit for property tax in excess of 3.5 percent of household income.
- The minimum parcel size eligible for enrollment is five acres. Parcels between five and 39.9 acres must be at least 51 percent in agricultural production and must produce a gross annual income from farming of \$200 or more per farmed acre.
- To participate, landowners apply to the local government for approval. If approved, the local government sends the application to the State of Michigan for review and approval.
- Lands can be enrolled between 10 and 90 years. Extensions of existing agreements can be as short as seven years.



**Why it Matters:**

- PA 116 was established in 1975 in response to the loss of farmland associated with high property taxes. Michigan is one of the few states in the nation with market based property tax assessments. Agricultural lands near developing urban areas were being taxed based on what their land would sell for if converted into housing developments or strip malls. As a result, Michigan was losing cropland at an average rate of six percent a year.
- Michigan's food and agriculture sector contributes \$102 billion to the state's economy.

**Key Stakeholders**

- Michigan farmers
- Supporting agri-business
- Consumers of Michigan grown food
- Rural and urban residents who enjoy the open space provided by active farmland

**Deliverables**

- 43,900 active PA 116 agreements
- 3.1 million acres preserved for agriculture
- Property taxes are less of a competitive disadvantage for participating Michigan farmers
- Stability of agricultural infrastructure
- Stimulate economic development associated with food and agriculture

## 2015 Accomplishments:

- As counterintuitive as it is, PA 116 is funded by tax credits re-paid when farmers take land out of the program. With the successful growth of Michigan agriculture in recent years and improved tax planning by Michigan farmer's, program revenues are now less than ½ of historic averages. PA 116 staff of seven full time employees (FTEs) was reduced to 2½ FTEs during 2014. In 2015, one FTE was added back to the program, bringing the total program staff FTEs to 3½. Given the limited staff, as compared to previous levels, accomplishments focused on doing the best job possible with limited resources.
- Documents continue to be converted into an electronic format, allowing staff to respond to customers' questions in seconds and more productive use of time previously spent searching for paper documents.
- The agreement production processes have been modified, eliminating procedures that are duplicative or unnecessary.
- Improvements to the PA 116 database began in 2015. These improvements will enhance data and document handling procedures used to create and track the implementation of new or modified PA 116 agreements. These improvements will be completed in early 2016.
- Two student interns were hired to assist in document imaging and the elimination of the paper based system for document processing.

## Measuring Success:

Metric	2011	2012	2013	2014*	2015
Applications submitted	1,379	643	502	604	529
New acreage enrolled	94,268	44,443	32,437	40,101	34,910
New applications completed in 60 days (%)	97	98	15	0	0
Transfer requests processed	1,363	1,876	1,817	738	687
Extension requests processed	5,440	6,679	3,494	1,170	1,639
Expiration requests processed	210	326	204	17	909
Total new or modified agreements recorded	7,055	8,728	5,420	2,009	3,082
Current processing time delay (months)	2	3	5	14	11
Tax credits issued in previous year (million \$)	41	41	44	39	44

\* Dramatic reduction in productivity in 2014 due to staff reductions and time spent on agreement status calls.

## Dashboards and Scorecards:

The PA 116 Program has a balanced scorecard item that appears on the Governor's scorecard. The scorecard item measures the program's ability to complete the review of new applications to enroll land in the program within 60 days of receiving the applications. For the past 20 years, staff have met that target over 95 percent of the time. However, with the loss of staff in 2013, the success rate dropped to 15 percent, and in 2014 and 2015, none of the applications were processed within the 60 day period.

## 2016 Goals:

- Work with the agriculture community, open space conservancies, and the legislature to establish a sustainable funding mechanism for the program.
- Complete a data and document handling procedure for incoming requests to better estimate process delay times for program participants.
- Finalize the data and document handling procedures used to create and track the implementation of new or modified PA 116 agreements to reduce total process time and make the best use of staff.