

Farmland Preservation

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The Farmland and Open Space Preservation Program or Public Act 116 (PA 116) preserves farmland from being developed for non-agricultural uses. Participating landowners may be entitled to receive a Michigan income tax credit for property tax in excess of 3.5 percent of total household income and exempt from some special assessments. Currently, there are 3.3 million acres of farmland enrolled in PA 116.

IMPACT FOR MICHIGAN:

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 per year. Michigan's food and agriculture sector contributes \$104.7 billion to the state's economy.

2020 ACCOMPLISHMENTS:

- Finalized the data sharing agreement with the Michigan Department of Treasury improving the accuracy of landowner information in the Farmland database and speed up the issuing of tax credits.
- Updated request forms to provide more clarity, based on comments from the 2019 customer satisfaction survey.
- Completed the first Farmland Development Rights Solar Panel Agreement which permits the construction and operation of a solar energy generating facility on PA 116 enrolled property and ensures the property will continue to be preserved for agricultural use.
- Updated the retention schedule for Farmland Development Rights Agreements and associated documents to ensure documents are retained and destroyed properly and consistently.
- Developed an Incident Response Plan to set reporting requirements for security breaches and incidents caused from handling, storing, processing, and destroying confidential tax information.
- Farmland database is continuing to be updated with improvements.

MEASURING SUCCESS:

Metric	2016	2017	2018	2019	2020
Agreement Request Processing					
Applications submitted	652	569	500	721	529
Transfers	738	1,674	3,219	1,707	824
Extensions	1,457	2,294	2,705	1,666	482
Expirations	199	712	1,630	961	648
Total new or modified agreements	2,725	7,644	9,573	5,937	3,131
Program Participation					
New acreage enrolled	52,160	45,520	40,000	42,340	30,963
Acres expired/released	-	33,112	45,252	22,172	7,696
Tax recapture (\$)	512,726	577,942	736,875	854,687	887,121
Tax credits issued (\$ millions)	53	51	53	60	57
Acreage enrolled (millions)	3.25	3.25	3.24	3.26	3.28
Number of participants	-	-	-	-	31,752

2021 PROGRAM GOALS:

- Review all requests within 60 days of receipt and notify landowners if additional information is needed to complete the processing.
- Process complete requests within 60 days of receiving the request.
- Update the geographic information system data for the five counties that have been mapped and continue to map PA 116 parcels in additional counties.
- Continue working with the Michigan Department of Treasury on process improvements.
- Update program forms and instructions to provide more clarity.



KEY STAKEHOLDERS:

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

LEGAL AUTHORITY:

- Natural Resources and Environmental Protection Act, Public Act 451 of 1994, Part 361 (Farmland and Open Space Preservation), as amended