

Which lands are eligible?

A farm is eligible if one of the following is true:

- Parcel is 40 acres or larger, and a minimum of 51% of the land is devoted to agricultural use;
- Farm is at least five acres but less than 40 acres in size; at least 51% of the land is devoted to agricultural use; and the agricultural land produces a gross annual income of \$200 or more per tillable acre. (Parcels enrolled in the Conservation Reserve Program are considered to meet the gross income requirement.); or
- Farm has been designated as a specialty farm by MDARD, is a minimum of 15 acres, and has a gross annual income exceeding \$2,000/yr.

“Agricultural use” means the production of plants and animals useful to humans, use in a federal acreage set-aside program, or a federal conservation program. Agricultural use does not include the management and harvesting of a woodlot.

New Structures & Land Improvements

A structure shall not be built on the land except for use consistent with farm operations, which includes a residence for an individual essential to the operation of the farm. Land improvements shall not be made except for uses consistent with farm operations.

Must the landowner provide public access?

No.

How long does the agreement last?

A minimum of 10 years and a maximum of 90 years.

Extension

Agreements can be extended for a minimum of seven (7) years after the initial ten (10) year term.

Expiration

The agreement holder will be notified seven (7) years before the expiration of the agreement that a lien may be placed at the time of expiration and of their option of not claiming credits during the final seven (7) years of the agreement. During the final year of the agreement, the agreement holder will be contacted in writing asking them to indicate their intentions to extend the agreement or allow the agreement to expire.

If the agreement holder allows the agreement to expire, the property described in the agreement may be subject to a lien. Thirty days before the recording of a lien, MDARD will notify the agreement holder of the amount of the lien, including interest, if any. If the lien amount is paid before 30 days after the owner is notified, a lien will not be recorded.

Revising Agreements

Visit www.michigan.gov/farmland and click “Changing an Existing Farmland Development Rights Agreement.”



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ENROLLMENT, ELIGIBILITY AND BENEFITS OF FARMLAND AGREEMENTS



*Farmland and Open Space
Preservation Program*



What is the Farmland and Open Space Preservation Program?

The Farmland and Open Space Preservation Program is designed to protect farmland and open space through agreements that restrict development and provide tax incentives for program participation.

What does the Farmland and Open Space Preservation Act do?

Public Act 451 of 1994 allows landowners to voluntarily enter into a Development Rights Agreement with the State of Michigan to restrict development and preserve the agricultural use of the property for a minimum of ten (10) years. In return, the landowner may be eligible for certain income tax benefits. The land will also be exempt from special assessments for sanitary sewer, water, lights, or non-farm drainage.



How does the landowner benefit from enrollment in the program?

Tax Credits:

Benefits under an agreement depend on the tax assessed against the property and the landowner's income. The landowner is entitled to claim a Michigan income tax credit equal to the amount of the property taxes on the land and improvements covered by the agreement, less 3.5% of the landowner's total household income.

For example, if the landowner has an income of \$20,000 and property taxes on the farm total \$2,000, he/she would subtract \$700 (3.5% of \$20,000) from the \$2,000 property tax for an income tax credit of \$1,300. This tax credit is in addition to the Homestead Property Tax Credit, for which the landowner may already be qualified.

Special Assessments:

- Qualified land enrolled under an agreement is exempt from special assessments for sanitary sewers, water, lights, or non-farm drainage, unless the assessments were imposed prior to the enrollment of the land in a farmland agreement.
- If the landowner decides to make use of the local government's sanitary sewer, water, lights, or non-farm drainage on land enrolled under an agreement, the landowner will be required to pay the special assessment(s).
- When the farmland agreement is terminated, the local government may require payment of the special assessment(s). This amount cannot exceed the amount the assessment(s) would have been at the initial time of the exemption and can not include any interest or penalty.



How does the landowner apply for enrollment?

Program forms are available at www.michigan.gov/farmland.

Completed applications must be submitted to the clerk of a local governing body (i.e., city, village, township, or county) for review.

The local governing body has 45 days to approve or reject the application.

Within the 45-day period, the governing body must seek comments from the county/regional planning commission and the conservation district. These agencies are allowed 30 days from the day of notification to forward their comments to the clerk of the local governing body. If approved, the application is forwarded to the Michigan Department of Agriculture and Rural Development (MDARD).

The application must be approved by the local governing body on or before November 1 to be eligible for that year's tax credit.

If approved, the application is forwarded to the Michigan Department of Agriculture and Rural Development (MDARD) for approval. MDARD will have 60 days after receipt to approve or reject the application. The applicant will be notified in writing within 15 days of the decision to approve or reject.