

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

Structures may be built on the land if the use of the structure will be consistent with farm operations. A house for an individual essential to the operation of the farm would be 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

After the initial term, an agreement can be extended a minimum of seven years.

Expiration

During the last year of the agreement, the holder will be sent a notice asking whether the agreement will be extended or allowed to expire.

If the agreement holder chooses to let the agreement expire, any tax credits received during the last seven years of the agreement must be repaid. The agreement holder will be notified of the amount. If the amount is not paid within 30 days, a lien will be placed against the property.

Revising Agreements

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

ENROLLMENT, ELIGIBILITY AND BENEFITS OF FARMLAND AGREEMENTS



Farmland and Open Space Preservation Program



Michigan Department of
Agriculture & Rural Development
Farmland Preservation Program
P.O. Box 30449, Lansing, MI 48909
Phone: 517-284-5663
MDARD-PA116@michigan.gov
www.michigan.gov/farmland



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 Act do?

The act enables a landowner to enter into a Development Rights Agreement with the State of Michigan. The agreement ensures the land remains in agricultural use for a minimum of 10 years and is protected from non-agricultural development. In return, the landowner may be entitled to certain income tax benefits and the land is not subject to special assessments for sanitary sewer, water, lights, or non-farm drain projects.

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 the application is rejected by the local governing body, the applicant may appeal directly to MDARD within 30 days after receipt of the rejected application. If no action is taken by the local governing body within the 45-day review period, the applicant may also appeal directly to MDARD.