



Which Lands are Eligible?

Farmland eligibility is determined by the size of the farm, and sometimes, by the farm's income. A parcel meets qualification requirements for enrollment in a Farmland Development Rights Agreement if one of the following is true:

- Parcel is 40 acres or larger, and a minimum of 51% of the land is devoted to an agricultural use.
- Parcel is at least five acres but less than 40 acres in size, at least 51% of the land is devoted to an agricultural use, and the agricultural land produces a gross annual income of \$200 or more per tillable acre (parcels in CRP are considered to meet the gross income requirement).
- Parcel has been designated as a specialty farm by MDARD, is a minimum of 15 acres, and has a gross annual income exceeding \$2,000 per year.
- "Agricultural use" means the production of plants and animals useful to humans, including forages and sod crops; grains, feed crops, and field crops; dairy and dairy products; poultry and poultry products; livestock, including breeding and grazing of cattle, swine, captive cervidae, and similar animals; berries; herbs; flowers; seeds; grasses; nursery stock; fruits; vegetables; maple syrup production; Christmas trees; and other similar uses and activities. Agricultural use includes use in a federal acreage set-aside program or a federal conservation reserve program. Agricultural use does not include the management and harvesting of a woodlot.

How Long Does the Agreement Last?

The original farmland agreement is contracted for a minimum of 10 years, and a maximum of 90 years. The agreement may be extended for a minimum of 7 years or longer, after the initial term.

What Happens When an Agreement Expires?

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

Extension

After the initial term of the 10-year agreement, it may be extended for a minimum of seven years, or longer, up to 90 years maximum.

Expiration

If the agreement holder chooses to let the agreement expire, 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. If no credits were taken during the last seven years of the agreement, then no lien will be placed.

Must the Landowner Provide Public Access?

The landowner is not required to provide public access to participate in the program.

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



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The Farmland & Open Space Preservation Program



Farmland Agreements Enrollment, Eligibility & Benefits

www.michigan.gov/farmland

What is The Farmland and Open Space Preservation Program?

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

(See brochure #2 Farmland Agreements--Transferring, Splitting & Releasing for information on revising agreements.)

What Does the Farmland and Open Space Act Do?

The act enables a landowner to enter into a Development Rights Agreement with the state. It ensures that the land remains in agricultural use for a minimum of 10 years, and is not developed for any non-agricultural use. 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 a farmland 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 minus 3.5% of the landowner household income.

For example, if the owner has an income of \$20,000 and property taxes on the farm total \$2,000, he/she would subtract \$700 (3.5 percent 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:

Land that qualifies, and is enrolled in the program, is exempt from special assessments for sanitary sewers, water, lights, or non-farm drainage, unless the assessments were imposed prior to the recording of the farmland agreement. Land exempted from special assessment will be denied use of the improvement until the portion of the special assessment directly attributable to the actual use of the improvement is paid. When the farmland agreement is terminated, the local government may require payment of the special assessment; however, the amount of the assessment cannot exceed the amount the assessment would have been at the 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

After the landowner fills out the application, it must be submitted to the local governing body (i.e., city, village, township or county).

Application is made with the township clerk if the township has adopted a zoning ordinance, or with the county for those townships which have not adopted a zoning ordinance. 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 or regional planning commission; the soil conservation district; a city, if the land is within three miles of the city; or a village, if the land is within one mile of the village. 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 MDARD.

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

If no action is taken by the local governing body, or the application is rejected, the applicant may appeal directly to the MDARD within 30 days.