

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994
Part 362
AGRICULTURAL PRESERVATION FUND

324.36201 Definitions.

Sec. 36201.

As used in this part:

(a) "Agricultural conservation easement" means a conveyance, by a written instrument, in which, subject to permitted uses, the owner relinquishes to the public in perpetuity his or her development rights and makes a covenant running with the land not to undertake development.

(b) "Agricultural use" means substantially undeveloped land devoted to 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; Christmas trees; and other similar uses and activities. Agricultural use includes use in a federal acreage set-aside program, a federal conservation reserve program, or a wetland reserve program. Agricultural use does not include the management and harvesting of a woodlot.

(c) "Board" means the agricultural preservation fund board created in section 36204.

(d) "Commission" means the commission of agriculture and rural development.

(e) "Department" means the department of agriculture and rural development.

(f) "Development" means an activity that materially alters or affects the existing conditions or use of any land in a manner that is inconsistent with an agricultural use.

(g) "Development rights" means an interest in land that includes the right to construct a building or structure, to improve land for development, or to divide a parcel for development purposes.

(h) "Farmland" means 1 or more of the following:

(i) A farm of 40 or more acres in 1 ownership, with 51% or more of the land area devoted to an agricultural use.

(ii) A farm of 5 acres or more in 1 ownership, but less than 40 acres, with 51% or more of the land area devoted to an agricultural use, that has produced a gross annual income from agriculture of \$200.00 per year or more per acre of cleared and tillable land. A farm described in this subparagraph enrolled in a federal acreage set-aside program or a federal conservation reserve program is considered to have produced a gross annual income from agriculture of \$200.00 per year or more per acre of cleared and tillable land.

(iii) A farm designated by the department as a specialty farm in 1 ownership that has produced a gross annual income of \$2,000.00 or more from an agricultural use. Specialty farms include, but are not limited to, greenhouses; equine breeding and grazing; the breeding and grazing of cervidae, pheasants, and other game animals; bees and bee products; mushrooms; aquaculture; and other similar uses and activities.

(iv) Parcels of land in 1 ownership that are not contiguous but which constitute an integral part of a farming operation being conducted on land otherwise qualifying as farmland may be included in an application under this part.

(i) "Fund" means the agricultural preservation fund created in section 36202.

(j) "Grant" means a grant for the purchase of an agriculture conservation easement under this part.

(k) "Owner" means a person having a freehold estate in land coupled with possession and enjoyment. If land is subject to a land contract, owner means the vendee in agreement with the vendor.

(l) "Permitted use" means any use expressly authorized within an agriculture conservation easement consistent with the farming operation or that does not adversely affect the productivity of the farmland. Storage, retail or wholesale marketing, or processing of agricultural products is a permitted use in a farming operation if more than 50% of the stored, processed, or merchandised products are produced by the farm operator for at least 3 of the immediately preceding 5 years. Permitted use includes oil and gas exploration and extraction, but does not include other mineral development that is inconsistent with an agricultural use.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000 ;-- Am. 2013, Act 86, Imd. Eff. June 28, 2013

Popular Name: Act 451

Popular Name: NREPA

324.36202 Agricultural preservation fund; creation; disposition; money remaining in fund; administration;

expenditures.

Sec. 36202.

- (1) The agricultural preservation fund is created within the state treasury.
- (2) The state treasurer may receive money or other assets from any source for deposit into the fund, including federal funds, other state revenues, gifts, bequests, and other donations. The state treasurer shall direct the investment of the fund and shall credit to the fund interest and earnings from fund investments.
- (3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.
- (4) The department shall be the administrator of the fund for auditing purposes.
- (5) Money in the fund may be expended, upon appropriation, as follows:
 - (a) Not more than \$1,400,000.00 annually for the administrative costs of the department and the board in implementing this part and part 361.
 - (b) After expenditures for the administrative costs under subdivision (a), money in the fund may be used, upon approval of the board, to provide grants to local units of government pursuant to section 36203.
 - (c) After expenditures under subdivisions (a) and (b) have been made, if the amount of money remaining in the fund exceeds \$5,000,000.00, money in the fund may be used, upon approval of the board, pursuant to part 361 for the purchase of development rights to farmland or the acquisition of agricultural conservation easements.
 - (6) Expenditures of money in the fund as provided in this part are consistent with the state's interest in preserving farmland and are for an important public purpose.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000 ;-- Am. 2004, Act 75, Imd. Eff. Apr. 21, 2004 ;-- Am. 2013, Act 86, Imd. Eff. June 28, 2013 ;-- Am. 2016, Act 265, Eff. Sept. 26, 2016

Popular Name: Act 451

Popular Name: NREPA

324.36203 Purchase of agricultural conservation easements; establishment of grant program; application; eligibility; form; contents; forwarding to board.

Sec. 36203.

- (1) The department shall establish a grant program to provide grants to eligible local units of government for the purchase of agricultural conservation easements.
- (2) A grant application shall be submitted by the local unit of government applying for the grant. A local unit of government is eligible to submit a grant application under this section if both of the following requirements have been met:
 - (a) The local unit of government has adopted a development rights ordinance providing for a purchase of development rights program pursuant to the county zoning act, 1943 PA 183, MCL 125.201 to 125.240, the township zoning act, 1943 PA 184, MCL 125.271 to 125.310, or the city and village zoning act, 1921 PA 207, MCL 125.581 to 125.600, that contains all of the following:
 - (i) An application procedure.
 - (ii) The criteria for a scoring system for parcel selections within the local unit of government.
 - (iii) A method to establish the price to be paid for development rights, which may include an appraisal, bidding, or formula-based process.
 - (b) The local unit of government has adopted, within the last 10 years, a comprehensive land use plan that includes a plan for agricultural preservation or the local unit of government is included within a regional plan that was prepared within the last 10 years that includes a plan for agricultural preservation.
- (3) An application for a grant shall be submitted on a form prescribed by the department. The grant application shall include at a minimum a list of the parcels proposed for acquisition of agricultural conservation easements, the size and location of each parcel, the amount of local matching funds, and the estimated acquisition value of the agricultural conservation easements.
- (4) Upon receipt of grant applications pursuant to subsection (3), the department shall forward those grant applications to the board for consideration under section 36205.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000

Popular Name: Act 451

Popular Name: NREPA

324.36204 Agricultural preservation fund board; creation; membership; appointment; terms; quorum; compensation; expenses; election of chairperson and vice-chairperson; removal of member; vacancy.

Sec. 36204.

- (1) The agricultural preservation fund board is created within the department.
- (2) The board shall consist of the following members:
 - (a) The director of the department or his or her designee.
 - (b) The director of the department of natural resources or his or her designee.
 - (c) Five individuals appointed by the governor as follows:
 - (i) Two individuals representing agricultural interests.
 - (ii) One individual representing conservation interests.
 - (iii) One individual representing development interests.
 - (iv) One individual representing the general public.
 - (d) In addition to the members described in subdivisions (a) to (c), the director of the department may appoint 2 individuals with knowledge and expertise in agriculture or land use, or local government, as nonvoting members.
- (3) The members first appointed to the board shall be appointed within 60 days after the effective date of this section.
- (4) Members of the board appointed under subsection (2)(c) and (d) shall serve for terms of 4 years or until a successor is appointed, whichever is later. However, of the members first appointed under subsection (2)(c), 1 shall be appointed for a term of 2 years, 2 shall be appointed for terms of 3 years, and 2 shall be appointed for terms of 4 years.
- (5) A majority of the members of the board constitute a quorum for the transaction of business at a meeting of the board. A majority of the members present and serving are required for official action of the board.
- (6) Members of the board shall serve without compensation. However, members of the board may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as members of the board.
- (7) The board shall annually elect a chairperson and a vice-chairperson from among its members.
- (8) The board may remove a member of the board for incompetency, dereliction of duty, malfeasance, misfeasance, or nonfeasance in office, or any other good cause.
- (9) A vacancy on the board shall be filled for the unexpired term in the same manner as the original appointment.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000

Popular Name: Act 451

Popular Name: NREPA

324.36205 Application; evaluation criteria; priority; determination of grant awards; amount; notification; report to commission; maximum expenditure; portion of acquisition cost to be provided by applicant or another person.

Sec. 36205.

- (1) An application submitted to the board under section 36203 shall be evaluated according to selection criteria established by the board. The criteria shall place a priority on the acquisition of agricultural conservation easements on farmland that meets 1 or more of the following:
 - (a) Farmland that has a productive capacity suited for the production of feed, food, and fiber.
 - (b) Farmland that would complement and is part of a documented, long-range effort or plan for land preservation by the local unit of government in which the farmland is located.
 - (c) Farmland that is located within an area that complements other land protection efforts by creating a block of farmland that is subject to an agricultural conservation easement under this part or part 361, or a development rights agreement under part 361, or in which development rights have been acquired under part 361.
 - (d) Farmland in which a greater portion of matching funds or a larger percentage of the agricultural conservation easement value is provided by a local unit of government or sources other than the fund.
 - (e) Other factors considered important by the board.
- (2) After reviewing grant applications for the acquisition of agricultural conservation easements and evaluating

them according to the criteria established in subsection (1), the board shall determine which grants should be awarded and the amount of the grants. Upon making its determination, the board shall notify the department and shall submit a report containing this information to the commission.

(3) The board may establish a maximum amount per acre that may be expended with money from the fund for the purchase of agricultural conservation easements.

(4) A grant shall require that a portion of the cost of acquiring an agricultural conservation easement shall be provided by the applicant or another person.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000

Popular Name: Act 451

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324.36206 Distribution of grants to local units of government; condition; reviewing permitted uses; contribution of development rights; purchase by local unit of government through installment purchase agreement; joint holding by state and local unit of government; delegation of enforcement authority; transfer to property owner; tax credits under MCL 324.36109.

Sec. 36206.

(1) After the board determines which grants should be awarded, and the amount of the grants, the department shall distribute the grants to the local units of government awarded the grants. The department shall condition the receipt of a grant upon the department's approval of the agricultural conservation easements being acquired.

(2) In reviewing permitted uses contained within an agricultural conservation easement under subsection (1), the department shall consider all of the following:

(a) Whether the permitted uses adversely affect the productivity of farmland.

(b) Whether the permitted uses materially alter or negatively affect the existing conditions or use of the land.

(c) Whether the permitted uses result in a material alteration of an existing structure to a nonagricultural use.

(d) Whether the permitted uses conform with all applicable federal, state, and local laws and ordinances.

(3) The department may accept contributions of all or a portion of the development rights to 1 or more parcels of land, including a conservation easement or a historic preservation easement as defined in section 2140, as part of a transaction for the purchase of an agricultural conservation easement.

(4) A local unit of government that purchases an agricultural conservation easement with money from a grant may purchase the agricultural conservation easement through an installment purchase agreement under terms negotiated by the local unit of government.

(5) An agricultural conservation easement acquired under this part shall be held jointly by the state and the local unit of government in which the land subject to the agricultural conservation easement is located. However, the state may delegate enforcement authority of 1 or more agricultural conservation easements to the local units of government in which the agricultural conservation easements are located.

(6) An agricultural conservation easement acquired under this part may be transferred to the owner of the property subject to the agricultural conservation easement if the state and the local unit of government holding the agricultural conservation easement agree to the transfer and the terms of the transfer.

(7) Section 36109 provides for tax credits for an owner of farmland subject to an agricultural conservation easement under this section.

History: Add. 2000, Act 262, Imd. Eff. June. 29, 2000 ;-- Am. 2002, Act 75, Imd. Eff. Mar. 15, 2002

Popular Name: Act 451

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324.36207 Rules.

Sec. 36207.

The department may promulgate rules to implement this part.

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