

SENATE BILL NO. 689

October 30, 2025, Introduced by Senators LAUWERS, SINGH, DALEY, SHINK and CHERRY
and referred to Committee on Natural Resources and Agriculture.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending section 36111 (MCL 324.36111), as amended by 2016 PA
265.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 36111. (1) A development rights agreement expires at the
2 expiration of the term of the agreement unless renewed with the
3 consent of the owner of the land. If the owner of the land has
4 complied with the requirements of this part regarding development

rights agreements, the owner is entitled to automatic renewal of the agreement upon written request of the owner. A development rights agreement may be renewed for a term of not less than 7 years. If a development rights agreement is renewed, the state land use agency shall send a copy of the renewal contract to the local governing body.

(2) A development rights agreement or a portion of the farmland covered by a development rights agreement may be relinquished as provided in this section and section 36111a. Farmland may be relinquished by this state before a termination date contained in the instrument under either of the following circumstances:

(a) If approved by the local governing body and the state land use agency, land containing structures that were present before the recording of the development rights agreement may be relinquished from the agreement. Not more than 2 acres may be relinquished under this subdivision unless additional land area is needed to encompass all of the buildings located on the parcel, in which case not more than 5 acres may be relinquished. If the size of the parcel proposed to be relinquished is less than that required by local zoning, the parcel shall not be relinquished unless a variance is obtained from the local zoning board of appeals to allow for the smaller parcel size.

(b) If approved by the local governing body and the state land use agency, land may be relinquished from the agreement for the construction of a residence by an individual essential to the operation of the farm as defined in section 36110(5). Not more than 2 acres may be relinquished under this subdivision. If the size of the parcel proposed to be relinquished is less than that required

1 by local zoning, the parcel shall not be relinquished unless a
2 variance is obtained from the local zoning board of appeals to
3 allow for the smaller parcel size.

4 (3) Until April 1, 1997, if an owner who entered into or
5 renewed a development rights agreement before April 15, 1994 makes
6 a request, in writing, to the state land use agency, to terminate
7 that development rights agreement with respect to all or a portion
8 of the farmland covered by the agreement, the state land use agency
9 shall approve the request and relinquish that farmland from the
10 development rights agreement. If farmland is relinquished under
11 this subsection, the state land use agency shall notify the local
12 governing body of the local unit of government in which the land is
13 located of the relinquishment.

14 (4) If the request for relinquishment of the development
15 rights agreement is approved, the state land use agency shall
16 prepare an instrument, subject to subsections (5) to (8), and shall
17 forward the original relinquishment instrument to the applicant.
18 The applicant shall have the relinquishment instrument recorded by
19 the register of deeds in the county in which the property is
20 located. The applicant shall provide a copy of the recorded
21 relinquishment instrument to the department.

22 (5) If a development rights agreement or a portion of a
23 development rights agreement is to be relinquished pursuant to
24 subsection (2) or section 36111a, the state land use agency shall
25 record a lien against the property formerly subject to the
26 development rights agreement for the total amount of the allocated
27 tax credit of the last 7 years, including the year of termination,
28 received by an owner under section 36109 and attributable to the
29 property formerly subject to the development rights agreement, plus

1 interest at the rate of 6% per annum simple interest from the time
2 the credit was received until the lien is placed on the property.

3 (6) If the property being relinquished from the development
4 rights agreement is less than all of the property subject to that
5 development rights agreement, the allocated tax credit for the
6 development rights agreement shall be multiplied by the property's
7 share of the taxable value of the agreement. As used in this
8 subsection:

9 (a) "The allocated tax credit" means the amount obtained by
10 multiplying the owner's total farmland preservation credit claimed
11 in that year on all agreements by the quotient of the ad valorem
12 property tax levied in that year on property subject to the
13 development rights agreement that included the property being
14 relinquished from the agreement divided by the total property taxes
15 levied on property subject to any development rights agreement and
16 used in determining the farmland preservation credit in that year.

17 (b) "The property's share of the taxable value of the
18 agreement" means the quotient of the taxable value of the property
19 being relinquished from the agreement divided by the total taxable
20 value of property subject to the development rights agreement that
21 included the property being relinquished from the agreement. For
22 years before 1995, taxable value means assessed value.

23 (7) Thirty days before the recording of a lien under this
24 section, the state land use agency shall notify the owner of the
25 farmland subject to the development rights agreement of the amount
26 of the lien, including interest, if any. If the lien amount is paid
27 before 30 days after the owner is notified, the lien shall not be
28 recorded. The lien may be paid and discharged at any time and is
29 payable to the state by the owner of record when the land or any

1 portion of it is sold by the owner of record, or if the land is
2 converted to a use prohibited by the former development rights
3 agreement. The lien shall be discharged upon renewal or reentry in
4 a development rights agreement, except that a subsequent lien shall
5 not be less than the lien discharged. ~~Notwithstanding any other~~
6 ~~provision of this section, from July 1, 2011 through September 30,~~
7 ~~2011, a lien under this section recorded before January 1, 2011 may~~
8 ~~be paid at 85% of the face value of the lien. From October 1, 2011~~
9 ~~through March 31, 2012, a lien under this section recorded before~~
10 ~~January 1, 2011 may be paid at 90% of the face value of the lien.~~

11 (8) Upon the termination of all or a portion of the
12 development rights agreement under subsection (3) or, subject to
13 subsection (14), the termination of a development rights agreement
14 under subsection (1), the state land use agency shall prepare and
15 record a lien, if any, against the property formerly subject to the
16 development rights agreement for the total amount of the allocated
17 tax credit of the last 7 years, including the year of termination,
18 received by the owner under section 36109, attributable to the
19 property formerly subject to the development rights agreement. The
20 lien shall be without interest or penalty and is payable as
21 provided in subsection (7). However, if the development rights
22 agreement was approved or rejected by the local governing body
23 under section 36104 on or after July 1, 2012 and is terminated
24 under subsection (1), the amount of the lien shall include interest
25 at the current monthly interest rate of 1 percentage point above
26 the adjusted prime rate per annum from the time the lien is
27 recorded until it is paid. The adjusted prime rate shall be
28 determined as provided in section 23 of 1941 PA 122, MCL 205.23.

29 (9) The state land use agency shall notify the department of

1 treasury of the termination of a development rights agreement.

2 (10) The unappropriated proceeds from lien payments made under
3 this part shall be forwarded to the state treasurer for deposit in
4 the agricultural preservation fund created in section 36202.

5 (11) Upon the relinquishment of all of the farmland under
6 section 36110(2) or a portion of the farmland under section
7 36110(3), the state land use agency shall prepare and record a lien
8 against the property formerly subject to a development rights
9 agreement in an amount calculated as follows:

10 (a) Establishing a term of years by multiplying 7 by a
11 fraction, the numerator of which is the number of years the
12 farmland was under the development rights agreement, including any
13 extensions, and the denominator of which is the number representing
14 the term of years of that agreement, including any extensions.

15 (b) The lien amount equals the total amount of the allocated
16 tax credit claimed attributable to that development rights
17 agreement in the immediately preceding term of years as determined
18 in subdivision (a).

19 (12) When a lien is paid under this section, the state land
20 use agency shall prepare and record a discharge of lien with the
21 register of deeds in the county in which the land is located. The
22 discharge of lien shall specifically state that the lien has been
23 paid in full, that the lien is discharged, that the development
24 rights agreement and accompanying contract are terminated, and that
25 the state has no further interest in the land under that agreement.

26 (13) ~~A-When farmland subject to a~~ farmland development rights
27 agreement ~~is automatically relinquished when the farmland becomes~~
28 subject to an agricultural conservation easement or purchase of
29 development rights under section **2140(a), 2141, 36101(a), 36111b,**

1 or 36206, the farmland is automatically relinquished from the
2 farmland development rights agreement. Any remaining land that is
3 not subject to the agricultural conservation easement or purchase
4 of development rights continues to be subject to the farmland
5 development rights agreement, regardless of the requirements of the
6 definition of farmland in section 36101, until the natural
7 termination date of the farmland development rights agreement. That
8 date shall not be extended.

9 (14) If, upon expiration of the term of a farmland development
10 rights agreement, the farmland becomes subject to an agricultural
11 conservation easement or purchase of development rights under
12 section 2140(a), 2141, 36101(a), 36111b, or 36206 or if a farmland
13 development rights agreement is automatically relinquished under
14 subsection (13), the farmland is not subject to a lien under this
15 section.

16 Enacting section 1. This amendatory act does not take effect
17 unless all of the following bills of the 103rd Legislature are
18 enacted into law:

19 (a) Senate Bill No. 688.

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21 (b) Senate Bill No. 690.

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23 (c) Senate Bill No. 686.

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25 (d) Senate Bill No. 687.

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27 (e) Senate Bill No. 685.