

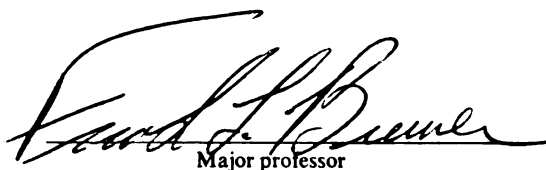
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FARMLAND OWNERS, IMPLICATIONS TO MICHIGAN
FARMLAND PROTECTION POLICY

presented by
Allen Phillip Krizek

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Ph.D. degree in Agricultural and
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CIRCUMSTANCES AND INTERESTS OF P.A. 116 FARMLAND OWNERS,
IMPLICATIONS TO MICHIGAN FARMLAND PROTECTION POLICY

By

Allen Phillip Krizek

A DISSERTATION

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ABSTRACT

CIRCUMSTANCES AND INTERESTS OF P.A. 116 FARMLAND OWNERS, IMPLICATIONS TO MICHIGAN FARMLAND PROTECTION POLICY

By

Allen Phillip Krizek

More than 750,000 acres of farmland have been lost since the enactment of Public Act 116 of 1974, the Michigan Farmland and Open Space Preservation Act. The rate of farmland loss is expected to continue at a similar pace if land use policies remain unchanged.

Numerous initiatives have been recently undertaken to reduce the loss of farmland. P.A. 116 has not been considered, likely due to its performance record. The purpose of this study was to determine if enhancements to P.A. 116 incentives could reduce the loss of farmland.

One thousand three hundred and forty landowners with P.A. 116 farmland development rights agreements were surveyed to answer the research questions. The study was conducted after landowners had a limited time opportunity to terminate or change farmland agreements due to a statewide reduction in property tax that reduced the tax relief value of the P.A. 116 program.

More than three-quarters of the farmland agreements were not changed under the window of opportunity.

Landowners who did not change their farmland agreements indicated they were either satisfied with the program, or wished to maintain agricultural use of the land and prevent the development of farmland. Landowners who changed their farmland agreements, did so to take advantage of potential non-agricultural development opportunities.

Enhanced P.A. 116 incentives would encourage landowners to continue their farmland agreements, thereby reducing farmland loss. The most preferred incentive was the elimination of the property tax lien.

Eligibility for a P.A. 116 tax credit was also important for landowners to continue their farmland agreement(s). Landowners preferred a 3.5 percent of household income circuit breaker threshold to provide tax credit eligibility.

Given the results of this study, policy makers should consider enhancements to the Farmland and Open Space Preservation Act incentives as a viable alternative to reduce the loss of farmland.

The study also found landowners were not very knowledgeable of contemporary land use issues and concepts. Michigan State University Extension is encouraged to explore forming partnerships with public and private groups to improve land use educational programming for citizens and public officials.

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CHAPTER I

INTRODUCTION

The Farmland and Open Space Preservation Act, Michigan Public Act 116 of 1974, has provided property tax relief and/or other incentives for over 20,000 Michigan farmland owners. In return, participating landowners voluntarily agreed not to develop their land for a specified period of time. Promulgated to reduce farmland loss and provide more equitable property tax treatment for farmland owners, the Act was Michigan's first legislative policy to preserve farmland.

In the 24 years following the enactment of P.A. 116, the loss of farmland to non-agricultural uses has continued. More than 750,000 acres of farmland has been lost since 1974. Farmland loss has been especially rapid in the southern half of the state in areas located around urban population centers (Skjaerlund & Norberg, 1994). The areas with high farmland loss coincide with valuable agricultural production areas. The continued loss of farmland statewide, threatens the future of the state's important agricultural

industry. Agriculture is Michigan's second largest industry, contributing significantly to the state's economy and employment.

Since the early 1990's, numerous local and state initiatives have been undertaken to reduce the loss of farmland. P.A. 116 has not been considered, perhaps due to the program's performance record. However, P.A. 116 is a farmland protection program with a 24 year history, and is understood by many farmland owners and local government officials. Program changes, that strengthen the Act's ability to protect farmland and yet maintain the basic framework, could be rapidly implemented because of people's familiarity with the program.

Due to statewide property tax reduction that reduced the tax relief value of the P.A. 116 program, Public Act 233 of 1996 was enacted. The act provided landowners with P.A. 116 farmland development rights agreements the opportunity to terminate all or part of their agreement(s), or to reduce the term (length) of their agreement(s), without cause. The "window of opportunity" to change farmland development rights agreements was from June 5, 1996 to April 1, 1997. Prior to P.A. 233, termination of an agreement was restricted to specific reasons and the reduction in the term of an agreement was not permitted.

The new early termination and term reduction options provided a unique opportunity to study the weaknesses, as well as strengths of P.A. 116, as perceived by participating farmland owners. Landowners' circumstances and interests were compared according to their action or inaction under the window of opportunity to change farmland development rights agreements. Although it would have been possible to study farmland owners who terminated agreements over the past five years, this study identified the circumstances and interests of the farmland owner, concurrent with their agreement decision. This increased the internal validity of the study.

The study was conducted in cooperation with land use specialists from Michigan State University's Departments of Agricultural Economics and Resource Development, Michigan Department of Natural Resources, Michigan Department of Agriculture and the MSU Extension Land Use Area of Expertise team. Survey specialists from MSU Department of Agricultural and Extension Education provided assistance in survey design, and data analysis and reporting.

Statement of the Problem

The purpose of this study was to determine if enhancements to the Farmland and Open Space Preservation Act incentives, could reduce the loss of farmland to non-

agricultural uses. Farmland loss threatens the future of the state's important agricultural industry.

The circumstances and interests of landowners who choose to fully terminate, partially terminate, reduce the term, or do nothing with their P.A. 116 farmland development rights agreements, during the state enacted window of opportunity, provided the basis for the suggested enhancements.

Research Questions

1. What was the statewide distribution of farmland development rights agreements that were changed (full termination, partial termination and term reduction) under the window of opportunity?
2. Was there a relationship between the ages of the landowners and their farmland development rights agreement actions (full termination, partial termination, term reduction or no change)?
3. What were the differences in farm parcel sizes relative to farmland development rights agreement action (full termination, partial termination, or term reduction or no change) by the landowner?
4. Were landowners located closer to urban centers, more likely to request changes (full termination, partial termination or term reduction) in their farmland development

rights agreements than those located more distant from urban centers?

5. What were the anticipated uses for land released, or eventually released, from farmland development rights agreements?

6. Why did landowners with farmland development rights agreements, request changes in their agreements?

7. Why did landowners with farmland development rights agreements, not request changes in their agreements?

8. Would enhanced participation incentives encourage landowners to maintain unchanged farmland development rights agreements?

9. What enhanced tax credit level would encourage landowners to maintain unchanged farmland development rights agreements?

10. How did landowners, with farmland development rights agreements, rate the quality of service from state agencies (MSU Extension, Farmland Division of DNR, Michigan Department of Treasury and the Soil Conservation District), regarding P.A. 116 matters?

11. How knowledgeable were landowners, with farmland development rights agreements, of contemporary land use issues and concepts (Subdivision Control Act, cluster housing development, comprehensive master plan, purchase of development rights and agricultural security areas)?

12. Was there a difference in the proportion of landowners claiming P.A. 116 tax credits relative to their farmland development rights agreement action (full termination, partial termination, term reduction or no action)?

13. Was there a relationship between who the primary operator of the farm was and the landowner's action under the window of opportunity?

14. What additional comments did landowners with farmland development rights agreements have on the P.A. 116 program?

Definition of Terms

For the purposes of this study, several land use and agricultural terms are defined.

Agricultural conservation easement A legal agreement restricting development of farmland.

Agriculture Commission A five-member public body, appointed by the Governor, that establishes general policies for the Michigan Department of Agriculture.

American Farmland Trust A national, non-profit organization active in the Michigan farmland protection discussion. Their mission is to stop the loss of productive farmland.

Agricultural Security Areas A voluntary agricultural district where agriculture is encouraged and protected.

Cluster housing development The grouping of houses to allow the remainder of a parcel to be used for agriculture or open space.

Comprehensive master plan A document that describes the preferred vision of a community's growth.

Development rights The right of the landowner to construct a building, to improve land, or to extract minerals.

Farmland and Open Space Preservation Act, P.A. 116 Michigan's legislative policy to protect farmland from development by providing tax credits for landowners.

Land fragmentation The division of larger land parcels into smaller unplatted parcels (Norgaard, 1994).

Lien A charge legally recorded on farmland in the amount of P.A. 116 tax credit received in the last seven years of a farmland development rights agreement.

Natural Resources Commission A seven member public-body, appointed by the Governor, that establishes general policy for the Michigan Department of Natural Resources.

Platted land parcel A surveyed lot that meets state and local requirements for the proposed development.

Purchase of Development Rights program A land protection program where the development rights are purchased by a qualified agency or organization, and then

retired. The landowner retains full ownership and control of the land for agricultural purposes.

Prime or unique farmland Land with characteristics especially well suited for the production of agricultural commodities.

Subdivision Control Act The state legislative policy that regulates the division of rural land.

Transfer of Development Rights program A land protection program that shifts development from agricultural areas to designated growth areas located closer to municipal services.

Urban sprawl A low-density land use pattern caused by a population shift from urban to rural areas (Michigan Society of Planning Officials, 1995).

Window of opportunity The time period, June 5, 1996 to April 1, 1997, when landowners with farmland development rights agreements were able to fully terminate, partially terminate, or reduce the term of their agreements.

Limitations of the Study

The target population involved in this study was all Michigan landowners with P.A. 116 farmland development rights agreement(s) recorded prior to April 15, 1994. These landowners were eligible to change their agreements under the state-enabled window of opportunity. The conclusions,

implications and recommendations from the study are applicable to farmland protection policies in Michigan.

Significance of the Problem

What happens with the issue of farmland loss in Michigan in the next twenty years will impact whether a viable and growing agricultural industry will exist in the future and whether the state will still benefit from its economy. If the existing trend continues, the remaining amount of farmland in the year 2012 will be 8.1 to 8.6 million acres, a reduction of 1.4 to 1.9 million acres (Skjaerlund & Norberg, 1994).

Farmland and farming operations are vital environmental and economic resources in Michigan. Agriculture is the second largest industry in Michigan and is the second most diverse in the nation. Productive farmland is critical to that environmental and economic resource base and must be valued as important and irreplaceable in land use planning. Once farmland is lost to other land uses, it is almost impossible to convert back to agricultural uses. Michigan farmland also provides innumerable benefits to the recreation and tourism industry. Without a strong agricultural industry in Michigan, important components of Michigan tourism industry will suffer (Skjaerlund & Norberg, 1994).

Enhancements to the Farmland and Open Space
Preservation Act may provide a means to reduce the loss of
farmland in Michigan. This study identified such
enhancements, which if enacted, could help ensure the future
of the important agricultural industry in Michigan.

Chapter II

REVIEW OF LITERATURE

This chapter reviews the recent history and impact of farmland protection strategies employed in the state of Michigan. The chapter is organized into six sections. The chapter begins with the question: Why protect farmland? The second section discusses property tax relief programs, including P.A. 116. The third section covers mandatory and voluntary agricultural zoning. The purchase of development rights is discussed in the fourth section and the Michigan Right to Farm legislation is explained in fifth section. The chapter concludes with a review of recent State executive orders on farmland protection and other related initiatives.

Why Protect Farmland?

Farmland is a finite natural resource that provides economic, environmental and social benefits to the citizens of Michigan and others. Once farmland is converted to other land uses, these benefits are lost since it generally can not be converted back to agricultural use.

Michigan's 10.1 million acres of farmland support the state's second largest industry, agriculture. In 1990, the combined outputs of agricultural production, food processing, and agriculturally related manufacturing totaled \$37-38 billion. About one-eighth of the State's total employment in primary industries (manufacturing, mining, agriculture, forestry and fisheries) is employed in agriculture and the food industry. This is approximately one-half of the number employed in the manufacture of automobiles and parts (Ferris & McVeigh, 1992).

The economic potential of agricultural production will increase in the future as new uses for agricultural products are developed. Non-food uses of agricultural products, such as soy-based ink and soy diesel as well as ethanol and biodegradable eating utensils made from corn, are rapidly increasing in importance. Current research efforts will also increase medical, industrial and household uses of agricultural products (Skjaerlund & Norberg, 1994).

Michigan is the second most diverse agriculture state in the nation, producing more than 100 different food and fiber products for the world's consumers. The state leads the nation in production of seven commercial crops, ranking fifth or higher in twenty-five others (Michigan Department of Agriculture, 1998).

Michigan's strategic location, within 500 miles of half the population and income of North America, is both an asset and liability to the agricultural industry. Transportation costs to markets are reduced (Ferris, 1992), however, land use conflicts and various taxes may be increased. Urban sprawl and the demand for public services by the large population base increasingly challenge the viability of the state's agricultural industry.

Some of Michigan's agricultural lands provide important groundwater recharge areas. These land areas with specific soil types and geological features readily permit significant amounts of surface water to infiltrate and enter the aquifer as groundwater. Groundwater is the source of drinking water for virtually all of Michigan's rural residents and approximately 50 percent of the state's total population (Zahniser, Chhetri & Bartholic 1992).

Farmland serve as flood land retention areas, temporarily holding excess rain and melt waters and protecting other more developed land areas. Development of farmland that includes the paving over of land and the creation of impervious surfaces, promotes runoff and the potential for flooding, as well as inhibits groundwater recharge (American Farmland Trust, 1987).

Agricultural fields and forests provide habitat to support Michigan's wildlife populations. This in turn

supports recreational and tourism related industries, Michigan's third largest industry. Without a strong agricultural industry in Michigan, important components of the state's recreation and tourism industry will suffer (Skjaerlund & Norberg, 1994).

Finally, classical economist John Stuart Mills noted another important social benefit of farmland. Mills was perhaps the first to recognize the aesthetics arising from land in its native state as a valuable product (Hite, 1979). This product, alternatively referred to as scenic open space, pastoral landscapes, and rural character is lost when farmland is developed.

Despite the benefits of maintaining farmland, Michigan has lost farmland. Approximately 50 percent of the farmland has been converted to non-agricultural uses since 1920. Contrary to the national trend, Michigan continued rapid conversion after World War II until 1974. Michigan has 10.088 million acres of farmland (1992) compared to 19.033 million acres in 1920 (Skjaerlund & Norberg, 1994).

Farmland is converted to non-agricultural land when its profitability in non-agricultural uses is higher. The two factors that drive this conversion is the increasing urbanization and industrialization of society, and the rising productivity of the remaining agricultural land (Tietenberg, 1996).

Property Tax Relief Programs

According to the American Farmland Trust, tax relief programs are widely used in the United States to maintain the economic viability of farming. Michigan's Farmland and Open Space Preservation Act, P.A. 116 of 1974 is termed a circuit breaker tax relief credit. A circuit breaker relieves farmers of real property taxes that exceed a certain percentage of their income. In addition to Michigan, two other states, New York and Wisconsin, have a circuit breaker tax relief program for farmland owners (American Farmland Trust, 1997).

P.A. 116

Under P.A. 116, farmers voluntarily enter into agreements with the state to preserve their farmland for a minimum of ten years up to a maximum of ninety-nine years (90 years, as amended). In exchange for enrolling in the program, the landowner becomes eligible for a tax credit from the State that is equal to that portion of their property taxes that exceeds seven percent of their household income. Enrolled farmland is not subject to special assessments for sanitary sewer lines, water mains, street lights and non-farm drainage that pass in front of the farmland. The land is restricted solely to agriculture use

during the duration of the contract (Skjaerlund & Norberg, 1994).

Eligible farmland is defined as being: 1) 40 acres or more in size; 2) 5 acres or more but less than 40 acres with at least \$200 annual gross income per acre of cleared and tillable land for agricultural production; 3) or a specialty farm of 15 or more acres producing an annual gross income of \$2,000 or more from agricultural uses and designated by the Michigan Department of Agriculture as a specialty farm. Buildings, structures and other improvements consistent with the agriculture operation are eligible to be included in the development rights agreement, thus adding to the potential tax credits (Harvey & Norgaard, 1995).

According to Cochran (1976), the P.A. 116 program had its origins in a bill introduced into the Michigan legislature around 1965. After nearly a decade of legislative debate and numerous changes, P.A. 116 was signed into law by Governor Milliken on May 23, 1974. The Act was the first state legislative policy action targeted specifically to protect farmland (Skjaerlund & Norberg, 1994).

The Act was designed to address two issues of concern: the loss of farmland to non-farm purposes and the inequitable property tax burden on agricultural landowners. According to the Michigan Department of Natural Resources,

the average agricultural landowner was paying between 24 and 27 percent of their household income for property taxes, whereas, the urban/suburban resident was paying between 4 and 7 percent.

The P.A. 116 property tax credit can be coordinated with the Homestead property tax credit, but the combined tax credit cannot exceed the total tax liability (Hepp, 1980). In 1993 the combined tax credits resulted in a property tax refund for eligible participants of 73.5 percent of their total property tax liability (Harvey & Norgaard, 1995).

Landowner enrollment in P.A. 116 was slow during the first two years after enactment, but gained momentum in 1977 that continued into the late 1980's. Peak enrolled acreage occurred in 1992 at 4,510,248 acres (Harvey, 1996). Since the peak, enrolled acreage has declined due to the landowners deciding not to re-enroll. Prior to the 1996 amendment to P.A. 116, 4.43 million acres were enrolled in the program, representing 43 percent of the state's agricultural lands (Harlow, 1996). Although peak P.A. 116 acreage occurred in 1992, the number of new acres enrolled per year began to decline in 1983 (Harvey & Knudson, 1988).

The majority of farmland enrolled in P.A. 116 is located in the southern half of the state. Counties with more than 50 percent of total county acreage as cropland generally have the highest enrollment. Counties with the

lowest percentage of farmland enrolled in P.A. 116 are often situated near areas of rapid population growth or development (Skjaerlund & Norberg, 1994). In 1993, the ten fastest growing counties (population growth) in Michigan have an average of 23 percent of their farmland areas enrolled in P.A. 116, compared to a 45 percent statewide average (Harvey & Norgaard, 1995).

Even though P.A. 116 may not be perceived an effective program for farmland preservation in rapidly urbanizing areas, losses of cropland and farmland have been much less in those counties with a large degree of participation in P.A. 116, than elsewhere. In the twenty years prior to the passage of P.A. 116, 5.6 million acres of farmland in Michigan was lost. In the twenty years after the program was enacted 744,064 acres of farmland have been lost. While the change cannot be entirely attributed to P.A. 116, it has been an important policy to protect farmland (Skjaerlund & Norberg, 1994).

In July 1993, the state legislature approved Senate Bill 1, which specified that all property in the state is exempt from millage levied for local school district operating purposes. This action eliminated approximately \$6.1 billion of annual operating revenue for K-12 public education, and had a significant impact on farm property taxes (Harvey, Moore & VerBurg, 1994).

Operating under a self-imposed deadline of December 31, 1993 to restructure the state's system of school finance, the legislature approved two possible options to fund K-12 public education: ballot Proposal A and an alternative statutory plan. The statutory plan would be implemented if the ballot proposal was not approved by a majority of the state's voters (Harvey, Moore & VerBurg, 1994).

In a special election held March 15, 1994, voters approved ballot Proposal A. Among the many tax changes, the new K-12 public education funding scheme reduced the state income tax rate from 4.6 percent to 4.4 percent and increased the state sales tax from 4 to 6 percent. Local school operating millage rates were reduced from a statewide average of 34 mills on all property to 24 mills on non-homestead property and 6 mills on all other property, statewide (Allen, 1995). Farmland, being eligible for an agricultural property tax exemption, is taxed at the 6 mill rate (Rossio, 1998).

With Proposal A, gross property taxes per acre on agricultural land dropped from approximately \$34 to \$20 (Harvey, 1994). In 1993 a total of \$64.69 million of P.A. 116 tax credits were issued, whereas after proposal A, the credit had dropped to \$18.88 million in 1994 and \$17.59 million in 1995 (Michigan Department of Treasury, 1998). The decrease in property tax liability for agricultural

landowners had reduced the value of the P.A. 116 tax relief incentive.

Recognizing this concern, the state legislature, under P.A. 233 of 1996, provided P.A. 116 landowners an opportunity to fully terminate, partially terminate, or reduce the length of their agreements. The actions and circumstances of P.A. 116 landowners under this limited time opportunity to change farmland development rights agreements is the subject of this study.

P.A. 233 authorized several other changes to the Farmland and Open Space Preservation Act. It allowed for: the release of a parcel for construction of a house for an individual essential to the farming operation; the release of a parcel when buildings were present prior to the start of the agreement; the transfer of farmland agreements to new owners; and the split or division of a farmland agreement into smaller agreements. P.A. 233 also permitted the release of all or part of an agreement due to death or disability of an agreement holder; changed the minimum time to extend an agreement to seven rather than ten years; and identified the circumstances when early release of an agreement will be allowed. Finally it required the state to provide notice about the expiration liens to agreement holders seven years prior to agreement expiration, and

authorized state purchase of development rights of Michigan farmland (Michigan Department of Natural Resources, 1996).

Differential Assessment

In the United States, the most commonly used agricultural tax relief credit program is known as differential assessment. All states, except Michigan, use differential assessment to allow farmland to be assessed at its agricultural use value, rather than its fair market value, which is generally higher (American Farmland Trust, 1997). Differential or use value assessment of farmland was considered and ultimately rejected during the original debate that resulted in the P.A. 116 circuit breaker tax credit.

Even with use value assessment of farmland, more than forty "cost of community service" studies conducted by the American Farmland Trust show that farmland owners pay more in taxes than the value of the public services received from local government. Residential land uses, in contrast, cost local governments more to provide services to homeowners than residential landowners pay in property taxes (American Farmland Trust, 1997). A cost of community services study conducted for Scio Township in Washtenaw County for fiscal year 1994/95 had similar results. Agricultural lands received \$.62 in public services for each tax dollar paid,

whereas residential lands received \$1.40 in public services for each tax dollar paid. Commercial and industrial property received \$.26 in public services for each tax dollar paid (Arends, Crane, Lessa, Manion & Spiecker, 1996).

The Michigan Farmland and Agriculture Development Task Force (1994) recommended use value taxation for all farms. A tax roll-back or recapture measure was also suggested by the task force, in the event of a change in land use. If farmland is converted to development, the landowner must then repay the taxes based upon its higher assessment value for the previous seven years. State programs that lack this roll-back provision have been criticized for the benefits they have provided real estate speculators.

Agricultural Zoning

Agricultural protection zoning refers to county and municipal zoning ordinances that support and protect farming by stabilizing the agricultural land base. Agricultural zoning designates areas where farming is the desired land use, generally on the basis of soil quality as well as a variety of location factors (American Farmland Trust, 1997).

Mandatory Agricultural Zoning

In Michigan, agricultural protection zoning is authorized under the County Rural Zoning Enabling Act P.A. 183 of 1943 and the Township Rural Zoning Act, P.A. 184 of

1943. These acts specifically authorize the adoption of zoning regulations to meet the needs of the state's residents for food, fiber, energy and other natural resources (American Farmland Trust, 1987).

The National Agricultural Lands Study (1981) identified five agricultural zoning techniques. Four of these techniques are non-exclusive agricultural zoning, allowing non-farm uses, whereas the last method, exclusive agricultural zoning is not.

Conditional use zoning: Non-farm dwellings are permitted on a case by case basis when the proposed dwelling location complies with a set of specified standards. The standards usually focus on distance away from intensive farm operations, or whether the structure would be placed on tillable soil and on other criteria (Wyckoff, 1985).

Sliding scale zoning: This technique allows the landowner a certain number of buildable lots based on the size of the farm parcel. The number of lots allocated per acre usually decreases as the farm size increases. Usually clustering of permitted units on land not well suited to agriculture is also encouraged (Wyckoff, 1985). Saline Township in Washtenaw County was the first township in Michigan to use sliding scale farmland zoning (Wyckoff, 1986).

Fixed area-based zoning: A landowner is entitled to one lot for each unit of land of a specified area. Developed lots can be clustered on one part of the farm, leaving the remaining land free to be farmed. This technique in the form of quarter/quarter zoning (one lot for each quarter of a quarter section, 40 acres) is being used in Michigan due to the ease of development and administration (American Farmland Trust, 1987).

Large Lot Zoning: A minimum lot size (usually 10+ acres) is set for a non-farm rural residence. The large lot size is perceived to discourage non-farm homes because of acquisition costs. Large lot zoning is ineffective for farmland protection as it is typically utilized. It accelerates the rate at which land is converted, because the entire farm (or forest) can all be divided quickly (Wyckoff, 1997).

Exclusive Agricultural Zoning: This technique of true agricultural zoning essentially permits agricultural activities at the exclusion of nearly all others, especially non-farm dwellings (Wyckoff, 1985). It reduces the conflicts between farm and non-farm uses.

Perry (1985) studied agricultural zoning in a 25 percent sample of Michigan's townships. He found 70 percent of local zoning ordinances were non-exclusionary unlimited. This category includes those agricultural zones which place

no restrictions on non-farm development. The purpose of non-exclusionary unlimited is to provide low density, rural development in conjunction with agriculture.

The next most commonly employed agricultural zoning technique, according to Perry, were non-exclusive large lot (12%) and non-exclusive fixed area (11%). Exclusive agricultural zoning was used in 2 percent of the townships. Perry further determined the more restrictive agricultural zoning was used in sparsely populated areas outside of standard consolidated statistical areas (SCSA). SCSA are areas of large population nucleus with adjacent communities which have a high degree of economic and social integration with the nucleus. Less restrictive agricultural zoning was used in townships located inside of a SCSA.

Agricultural Security Areas

The American Farmland Trust differentiates voluntary agricultural districts from mandatory agricultural areas established by local zoning ordinances. Although Michigan does not have voluntary agricultural districts, the Agricultural Security Areas (ASA) proposed by the Michigan Farmland and Agriculture Development Task Force (1994) is an example.

The task force recommended the establishment of voluntary ASA at the township level that would provide incentives to landowners to keep their land in agricultural

production. Farm owners, working together, would initiate establishing such areas in which agriculture is the primary activity. Participating farmers would be offered various incentives to enroll, thus encouraging the continued use of the land for production agricultural purposes.

Senate Bill No. 771, October 22, 1997, introduced by Senators Schuette, North and Bullard attempts to establish agricultural security areas. (Note: Senator Schuette chaired the Michigan Farmland and Agriculture Development Task Force.) The bill proposes ASA of 250 or more acres of land (originally 500 acres) and would provide enhanced property tax credits, right to farm protection and protection from eminent domain. The bill has been referred to the committee on Agriculture and Forestry.

Subdivision Control Act

The state Subdivision Control Act, P.A. 288 of 1967, governs the division of rural parcels into smaller parcel for residential and other purposes. The Subdivision Control Act allows the subdivision of land into four lots with 10 acres or less within a 10-year period, with the remaining land divisions consisting of more than 10 acres in size. Ten years later the 10+ acre parcels can be subdivided once again. These land divisions take place without going through the platting process and without the associated costs.

It was expected that the 10 year redivision provision would be amended out of the act prior to the end of the first ten year period, however, that never happened. This provision promotes urban sprawl and unplanned growth (Wyckoff, 1996).

The platting process involves the submission, review and recording of a plat (a detailed map or chart) of subdivisions of land. The plat must be reviewed and approved by a number of public entities to provide orderly development of land and to ensure that the land in question is suitable for the proposed development (House Legislative Analysis Section, 1997).

Norgaard (1994) linked the Subdivision Control Act with accelerating rates of land fragmentation, particularly into parcels of 10 to 11 acres. Land fragmentation is a concern because once land is divided into smaller parcels, its utility for most land resource based activities like farming, forestry and mining is diminished. Fragmented land is very difficult to reassemble (Wyckoff, 1997).

The Subdivision Control Act was amended in 1996 (P.A. 591) and 1997 (P.A. 87), and is now known as The Land Division Act. The new Land Division Act increases the number of land divisions that bypass the platting process, thereby exacerbating the loss of farmland to urban sprawl. However, the new Land Division Act also requires all cities,

villages and townships to review most proposed divisions of land against a set of standards stated in the Act, prior to recordation and sale of those lands. The review attempts to ensure that the proposed division conforms with the new state law, as well as with all applicable local regulations. Local regulations such as minimum lot sizes, permitted densities, lot frontage requirements and the list of permitted uses by zone can reduce the negative impact of unplatted parcels created under the Land Division Act (Wyckoff, 1997).

Purchase of Development Rights

A conservation easement is a deed restriction landowners voluntarily place on their property to protect natural resources, such as productive agricultural land. Landowners can sell or donate an agricultural conservation easement to a qualified conservation organization or unit of government (American Farmland Trust, 1997).

Under purchase of development rights (PDR) programs, an agricultural conservation easement limits uses that are inconsistent with commercial agriculture in exchange for the market value of development rights. The value of development rights is the difference between the development value and the agricultural value of the land. After selling development rights, the landowner retains the title to their

property and the right to farm the land. The buyer of development rights has the right and responsibility to prevent development on the land (American Farmland Trust, 1997).

When the Farmland and Open Space Preservation Act was passed in 1974, provision was made for the acquisition of the development rights of unique and critical lands. The acquisition fund originates from the repayment of tax credits when farmland development rights agreements expire or are terminated. At first, funds generated by the paybacks were small. In 1991, the Michigan Department of Natural Resources deemed \$4.8 million sufficient to initiate a program.

The focus of the acquisition program was not on farmland, but rather lands such as Great Lakes shorelands of unusual beauty, distinctiveness, or utility; unusual geological formations; fish and wildlife habitat of critical significance or that is essential to the continuation of a species; and eight other similar classifications (Michigan Department of Natural Resources, 1991). This program was operational from 1991 through 1995 and has acquired the development rights of 9 parcels, with 3 parcels still pending (Pearson, 1998). Approximately 750 acres have been preserved.

The 1996 amendment to the Farmland and Open Space Preservation Act (P.A. 233) redirected the focus of the acquisition of development rights program for unique or critical land areas, to the purchase of development rights of valuable farmland. Any farmland is eligible for consideration provided at least 51 percent is devoted to agricultural use. However, the Act establishes criteria to be used in the selection of property for purchase. Factors include: the productive capacity of the farmland; whether the land is considered to be prime or unique farmland; whether the land is enrolled in P.A. 116; whether the land is faced with development pressure that will permanently alter the productive capacity; whether the development rights purchase would compliment a local plan for preservation; and whether local matching funds are available (Michigan Department of Natural Resources, 1998). The funding source for the state purchase of development rights remains the same, however by 1997 an additional \$700,000 was made available from the USDA Farmland Protection Program authorized by the 1996 Farm Bill.

In 1997, the Michigan Department of Natural Resources received 768 requests for the purchase of development rights program representing 86,000 acres of farmland. The Natural Resource and Agriculture Commissions approved thirty-five

farms or 6,000 acres (Michigan Agriculture Commission, 1997).

Peninsula Township, located in Grand Traverse County, was the first local unit of government in Michigan to fund their own PDR program. Township residents passed a 15 year 1.25 mill local property tax to purchase development rights on farmland within the township (Kozel & Wyckoff, 1994). Augmented with state and federal grants, the township had protected 2000 acres of farmland and scenic beauty by the spring of 1997 (Planning & Zoning News, Oct. 1996).

Although Mission Peninsula Township was able to launch its own PDR program, the Michigan Farmland and Agriculture Development Task Force recommended enabling legislation to clearly grant authority to townships, cities, villages and counties to proceed with PDR and transfer of development rights (TDR) programs. TDR is used to shift development from agricultural areas to designated growth areas located closer to municipal services. On December 31, 1996, Governor Engler signed into law three bills which expressly authorizes PDR to protect agricultural lands by local units of government. TDR authority, originally proposed by the legislation, was ultimately deleted at the urging of the Michigan Association of Home Builders (Planning & Zoning News, Feb. 1997). TDR legislation has been reintroduced in 1998.

In Washtenaw County, the County Board of Commissioners approved on June 17, 1998 a resolution to allow county voters to decide whether additional property taxes should be raised to fund the preservation of agricultural land and open space. The Washtenaw County Comprehensive Land Preservation Strategy proposed a 0.4 mill property tax for ten years, which would raise \$3.5 million in the first year. Fifty percent of the fund would be used to purchase the development rights of agricultural land. The voters rejected the proposal on the November 3, 1998 ballot (Washtenaw County MSU Extension, 1998).

Michigan Right to Farm Act

The Michigan Right to Farm Act, P.A. 93, was enacted in 1981 to provide farmers with protection from nuisance lawsuits. This statute authorizes the Michigan Commission of Agriculture to develop and adopt generally accepted agricultural and management practices (GAAMPs). These voluntary practices are based on available technology and scientific research to promote sound environmental stewardship and help maintain a farmer's right to farm (Michigan Department of Agriculture, 1998).

Between 1963 and 1994, every state in the Union enacted some form of right to farm law. These laws document the importance of farming to the state or locality and put non-

farm rural residents on notice that generally accepted agricultural practices are reasonable activities to expect in farming areas. In addition they provide farm families with a psychological sense of security that farming is a valued and accepted activity in their communities (American Farmland Trust, 1997).

The Michigan Right to Farm Act has been amended twice. In 1987, the Michigan Department of Agriculture proposed new animal waste regulations that generated much controversy within the livestock industry. The controversy was stemmed when legislation was signed into law (P.A. 240 of 1987) that directed the Michigan Agriculture Commission to define generally accepted agricultural and management practices. Michigan State University College of Agriculture and Natural Resources led the effort that resulted in the GAAMPs for manure management and utilization adopted in June 1988.

Additional GAAMPs were developed to support the Right to Farm Act, including: pesticide utilization and pest control in 1991; nutrient utilization, 1993; care of farm animals, 1995; and cranberry production, 1996. The GAAMPs are reviewed annually and may be revised as necessary by the Agriculture Commission. Prior to the GAAMPs being formally defined by the Agriculture Commission, the Director of the Department of Agriculture was responsible to develop policy

to determine if a farm or farm operation was in compliance under the Right to Farm Act.

The Act was amended again in 1995 to strengthen the definitions of a farm and farm operation, and to more clearly define the application of the Act. The amendment also included a voluntary disclosure statement:

This notice is to inform prospective residents that the rural property they are about to acquire lies within 1 mile of the property boundary of a farm or farm operation. Generally accepted agricultural and management practices may be utilized by the farm or farm operation and may generate usual and ordinary noise, dust, odors, and other associated conditions, and these practices are protected by the Michigan right to farm act (P.A. 94, 1995).

The disclosure statement became mandatory with the adoption of the Land Division Act (P.A. 591) in 1996.

The 1997 annual report of the Right to Farm Program, published by the Michigan Department of Agriculture, indicated that since 1991, an average of approximately 125 farm related environmental and nuisance complaints were received each year. The majority of the complaints concerned manure management practices at livestock facilities. Most of the complaints originated from southern and central counties of Michigan's lower peninsula. Almost thirty percent of all complaints were from Barry, Kent, Ottawa, Allegan and Van Buren counties. The combination of many livestock farms and rapid urban encroachment into

traditionally rural agricultural areas contributed to the higher number of complaints in these west Michigan counties.

State Executive Orders and Policies

The past three governors of the state have issued Executive Orders or Directives that demonstrate the importance of agriculture and farmland to the state's economy, environment and culture. The actions call attention to the problem of farmland conversion and facilitate discussion about solutions (American Farmland Trust, 1997).

The most recent Executive Order, 1994-4, issued by Governor John Engler established the Michigan Farmland and Agricultural Development Task Force. The task force was charged with the following responsibilities: identify trends, causes and consequences of conversion of agricultural land to non agricultural uses; identify voluntary methods and incentives for maintaining land for agricultural production; and provide recommendations for the enhancing the continued vitality of agricultural activity and protecting private property rights, thereby retain land in agricultural use.

Several task force recommendations have been mentioned previously in this chapter. They have resulted in a variety

of legislative initiatives to protect farmland and the agricultural industry in Michigan.

In Executive Order, 1986-2, Governor James Blanchard declared the protection, enhancement and wise utilization of Michigan's prime and unique agricultural lands as a major priority of state government. The order directed state agencies to prepare a statement of agricultural impact for programs, regulations, procedures and operations that have an impact on agricultural land conversions. The report shall also detail measures that can be implemented by the agency that will mitigate significant impact on agricultural land conversion.

On August 21, 1970, Governor William Milliken appointed a ten-person task force to assess the needs of agriculture in the state of Michigan. Among the over 70 recommendations contained in the final report of the Governor's Task Force on the Future of Agriculture, two major recommendations related to farmland protection.

The report indicated that Michigan was in danger of losing much of its prime agricultural land to urban sprawl and to residential, industrial and commercial development that accompanies it. Protection of Michigan's agricultural land and the preservation of agricultural green belts through statewide land use planning and tax relief was urgently needed.

It also addressed the issue of use value assessment. Agricultural land was being assessed at its development potential rather than at its actual production level. The report recommended the correction of this inequity for agricultural landowners.

CHAPTER III

METHODOLOGY

The methods and procedures used in the P.A. 116 study are presented in this chapter. Sections include: research design, target population, instrumentation, data collection, internal validity, data analysis and limitations of the study.

Research Design

A mail survey was used to determine landowners' circumstances, interests and knowledge levels, as well as characteristics of the farm parcels selected for the study. Mail surveys are relatively inexpensive to conduct, and provide access to respondents that might be hard to reach in person or by telephone. They also permit the respondents to take sufficient time to give thoughtful answers to the survey questions (Fraenkel & Wallen, 1996).

Target Population

The target population for this study was all the Michigan landowners with farmland development rights agreements recorded prior to April 15, 1994. These

landowners were eligible to make changes in their agreements under the window of opportunity.

Instrumentation

Four related questionnaires (Appendix A) were developed for the four action groups of landowners with farmland development rights agreements: full termination, partial termination, term reduction and no change of agreement. Some questions were adapted from a questionnaire developed by Cochran (1976). The Cochran study examined the early performance of the P.A. 116 program.

Respondents were asked the distances from the farm parcel to the nearest small and large urban centers, and their classification of the farm parcel location (rural, developing rural, suburban or urban fringe). They were asked what use they anticipated for the farm parcel once it was terminated (or eventually terminated) from the P.A. 116 program; why they did or did not change their agreements under the window of opportunity; and if they would be interested in enhanced P.A. 116 incentives to continue their original farmland agreement. Respondents were asked if they claimed a P.A. 116 credit on their 1995 and 1996 Michigan income tax returns. They were asked to rank the quality of service from state agencies regarding P.A. 116 matters, and their knowledge of contemporary land use issues and concepts. They were also asked to indicate the year of

birth of the principal farm owner, the primary operator, and the predominate farm enterprise. The final question was open-ended, inviting any additional comments on the P.A. 116 program.

The questionnaire was validated with land use specialists at Michigan State University, Michigan Department of Natural Resources and the Michigan Department of Agriculture. A field test was conducted in May and June of 1997 to insure usability and reliability of the instrument. The Department of Natural Resources Farmland and Open Space Preservation Program provided ten landowner names and addresses for each of the four agreement action groups for the field test. Cronbach's Alpha Coefficients of .70 and .94 were calculated for the scaled questions on quality of service ratings for state agencies and landowner knowledge of land use issues, respectively.

Data Collection

The Michigan Department of Natural Resources Farmland and Open Space Preservation Program provided the farmland development rights agreement records needed to select a random sample for each of the action groups. The full and partial termination landowners' records were provided in separate Microsoft Access databases, whereas the actual records were provided for the term reduction and no change agreements. Separate systematic samples were selected by

starting at a random record and then selecting every n th record for the sample, where $n = \text{population size} \div \text{desired sample size}$. The desired sample size was determined by the 95 percent confidence level. Any duplicate landowner was removed from the subsequent samples and replaced with another randomly selected landowner from the same action group.

The partial termination questionnaires were mailed on September 29, 1997 followed by reminder postcards on October 23, 1997. The full termination and term reduction questionnaires were mailed November 1, 1997 with the reminder postcards on December 1, 1997. The initial no change questionnaires and the replacement questionnaires for the partial termination, full termination and term reduction landowners were mailed on January 12, 1998. The reminder postcards and replacement questionnaires for the no change landowners were mailed on February 2, 1998 and March 2, 1998, respectively.

The initial and replacement questionnaire package (Appendix A) included a personalized cover letter, the questionnaire and a postage-paid return envelope. The cover letter was printed on Michigan State University, Department of Agricultural and Extension Education letterhead and the return envelopes were pre-addressed to the Department. The cover letter was signed by the researcher and indicated his

membership in the Michigan State University Extension Land Use Area of Expertise Team.

Frame error for the full termination, partial termination and term reduction landowners was approximately 2.0 percent. These landowners had recently applied to the Michigan Department of Natural Resources to change their agreements and therefore the addresses on file were generally current. The no change group of landowners had not recently corresponded with the state, and had approximately 4.6 percent undeliverable addresses. The files of the Department of Natural Resources were used to update addresses wherever possible.

The non-response error was controlled by conducting a telephone interview with a ten percent random sample of the non-respondents, from each action group. The telephone interviews were conducted April 8-16, 1998 during the evening hours, to avoid conflict with spring agricultural field operations. The telephone numbers of non-respondents were obtained through an Internet search engine.

The responses from the mail survey and the telephone survey were compared on selected variables to determine if significant differences existed. Since no significant differences were determined, the data were collapsed together for analysis. Therefore, the findings of this study can be generalized to the target population.

Internal Validity

There are four main threats to internal validity in survey research: mortality, location, instrumentation and instrument decay (Fraenkel & Wallen, 1996). The mortality threat was not a concern since the P.A. 116 study was a cross sectional survey, conducted only once with landowners following the window of opportunity. Location should also not be a threat to internal validity since most of the farm parcels are family owned and the questionnaires were mailed to home addresses. It was assumed that completing the questionnaire at home should not affect responses.

The instrumentation threat was addressed by making appropriate changes to the questionnaire following the field test in the summer of 1997. Changes were made to improve clarity and to reduce item non-response for certain questions.

The four-page questionnaire, being relatively short and easy to complete resulted in minimal threat for instrument decay.

Data Analysis

The responses to the questionnaires were analyzed using the Statistical Package for Social Sciences (SPSS Release 7.5, SPSS Inc., 1996) to answer the research questions. Descriptive statistics such as frequencies, percentages, means and standard deviation and cross tabulations were used

to analyze the data. One-way analysis of variance tests were used to determine differences among the agreement action groups (full termination, partial termination, term reduction and no change). Pearson chi-square test of independence was used to test for associations among selected variables. An alpha level of 0.05 was set apriori. Quantitative analysis was conducted on the open-ended questions. Whenever questionnaires contained unanswered questions, they were treated as missing values and were not counted toward the sample statistics.

Limitations of the Study

This study involved Michigan landowners with P.A. 116 farmland development rights agreement(s). No similarities between Michigan landowners and those of other states or countries are assumed. Therefore, precautions must be taken if applying the findings of this study to other locations.

The number of term reduction landowners was under-sampled by 43 landowners, in this study. It was estimated there were 2000 term reduction applications when the sample was selected, whereas after all applications were processed by the Michigan Department of Natural Resources, there were 5434 term reduction applications. The researcher believed the good response rate (79 percent) satisfactorily represented the interests and circumstances of the term reduction landowners.

CHAPTER IV

FINDINGS

The P.A. 116 questionnaires were mailed to a total of 1,340 landowners with farmland development rights agreements. Nine hundred and forty of the randomly selected landowners had made changes in their farmland agreements (full termination, 335; partial termination, 290; and term reduction 315) and 400 had made no change in their farmland agreement (Table 1).

A total of 1,041 responses were received for a return rate of 78 percent. One thousand and five of the responses were from the mail survey and 36 from the telephone survey for non-respondents. Thirty-six questionnaires were undeliverable due to inaccurate mailing addresses.

Table 1. P.A. 116 landowners and study data, 1998

Agreement Action Group	No. Farmland Agreements*	Sample Size	Responses Received	Return Rate (%)
Full Termination	2,727	335	254	76
Partial Termination	1,115	290	225	78
Term Reduction	5,434	315	249	79
No Change	33,029	400	313	78
Total	42,305	1,340	1,041	78

*Data provided by Harlow, Michigan Department of Natural Resources

Table 1 and other tables and figures that follow, are sorted by landowner agreement action under the window of opportunity. The full termination agreement action group is all the responding landowners who fully terminated their farmland agreement. The partial termination agreement action group is all the responding landowners who partially terminated their farmland agreement. The term reduction agreement action group is all the responding landowners who reduced the term of their farmland agreement. The no change agreement action group is all the responding landowners who made no change in their farmland agreement.

Figure 1 illustrates the number of study respondents by county. There were only a few respondents from the upper peninsula and northern Michigan since there is little farmland enrolled in P.A. 116 in these areas of the state (Appendix B). Similarly there were few respondents from the counties of Wayne, Oakland and Macomb counties. In 1997, there were no farmland development rights agreements in Crawford, Gogebic, Keweenaw and Luce counties (Michigan Department of Natural Resources).

The age of the respondents ranged from 17 to 105 years old and averaged 59 years old (S.D. 13.5). The greatest number of respondents (25.6 percent) were between ages 55 and 64. Approximately 22 percent of the landowners were in each of the 65-74 and 45-54 age groups, and about 15 percent were each over 74 and under 45 years old (Figure 2).

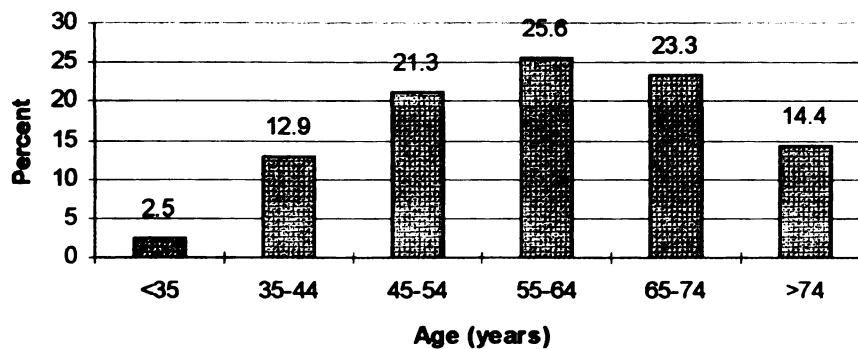


Figure 2. P.A. 116 landowner ages (n = 994)

Sixty-eight percent of the farm parcels selected for the study were cash crop farms, with dairy operations (14 percent) representing the second largest group of farms. Eighty-four percent of the farm parcels were operated by the owner, relative or partner; 16 percent of the parcels were operated by someone other than the owner, relative or partner.

RESEARCH QUESTION 1

What was the statewide distribution of farmland development rights agreements that were changed (full termination, partial termination and term reduction) under the window of opportunity?

The Michigan Department of Natural Resources data listed in Table 2 indicated: 2,727 or 6.5 percent of the farmland agreements were fully terminated; 1,115 or 2.6 percent were partially terminated; 5,434 or 12.8 percent were reduced in term; and 33,029 or 78.1 percent were not changed under the window of opportunity.

Table 2. P.A. 116 landowners' farmland agreement action under the window of opportunity

Agreement Action Group	No. Farmland Agreements	
	n*	(%)
Full Termination	2,727	6.5
Partial Termination	1,115	2.6
Term Reduction	5,434	12.8
No Change	33,029	78.1
Total	42,305	100.0

*Data provided by Harlow, Michigan Department of Natural Resources

Complete data for the number of farmland agreements changed by county were not available. The best available data were used to describe the statewide distribution. According to discussions with Department of Natural Resources official Rich Harlow, the data used were likely

representative of the actual distribution of farmland agreements by county.

Full and partial termination agreement numbers by county were obtained from the DNR Farmland and Open Space Program databases for paid liens. These databases include 67 percent of the full termination agreements and 81 percent of the partial termination agreements. They did not include agreements for which the lien had not been paid.

Term reduction agreement numbers by county were obtained from the landowner sample used for the P.A. 116 study. This database represented 6 percent of the total term reduction agreements.

A matrix of counties by number of agreements for each action group was constructed to describe the statewide distribution of landowners who made a change in their farmland agreements. The percentage of agreements for each action group by county were calculated (Appendix B). It was anticipated that the proportion of full termination, partial termination and term reduction agreements will be consistent with the proportion of farmland agreements for that county, prior to the window of opportunity.

The analysis indicated the statewide distribution of farmland agreements changed under the window of opportunity were generally proportional to the number of farmland agreements in the county prior to the window of opportunity.

Allegan county had more full termination agreements than a proportional distribution would predict. Huron, Saginaw and Tuscola counties had fewer full terminations (Appendix B).

Bay, Huron and Saginaw counties had more partial termination agreements than a proportional distribution would predict (Appendix B).

Allegan and Gratiot counties had more term reduction agreements than a proportional distribution would predict. Huron county had fewer term reductions (Appendix B).

RESEARCH QUESTION 2

Was there a relationship between the ages of the landowners and their farmland development rights agreement actions (full termination, partial termination, term reduction or no change)?

The age of the landowner was calculated from question # 10 of the P.A. 116 questionnaire: In what year was the principal farm owner born? The age of the landowner was re-coded into the following age categories: 1 = <35 years old, 2 = 35-44 years old, 3 = 45-54 years old, 4 = 55-64 years old, 5 = 65-74 years old and 6 = >74 years old. A Pearson chi-square value was calculated for age categories by agreement action groups to determine if an association existed between the two variables. The chi-square value indicated a significant relationship ($P \leq 0.05$) existed

between the age of the landowner and agreement action (Table 3).

Table 3. Landowner age category by agreement action group (n = 994)

Agreement Action Group	Age in years					
	<35 (%)	35-44 (%)	45-54 (%)	55-64 (%)	65-74 (%)	>74 (%)
Full Termination	3.8	14.8	28.8	27.1	14.4	11.0
Partial Termination	2.3	6.5	17.8	30.4	29.0	14.0
Term Reduction	2.4	16.3	24.8	28.0	19.9	8.5
No Change	1.7	13.1	15.1	18.8	29.2	22.1
Total	2.5	12.9	21.3	25.6	23.3	14.4

Chi-Square = 71.199, Degrees of freedom = 15,
Significance = .000

A cross-tabulation of agreement action groups by age of the landowners was constructed to determine the mean age of the landowners for each agreement action group (Table 4). The no change (62 years old) and partial termination landowners (61 years old) were older than the full termination (57 years old) and term reduction landowners (57 years old).

Table 4. Landowner mean age by agreement action group

Agreement Action Group	n	Age in years	
		Mean	S.D.
Full Termination	236	57	13.4
Partial Termination	214	61	12.4
Term Reduction	246	57	12.4
No Change	298	62	14.5
Total	994	59	13.5

RESEARCH QUESTION 3

What were the differences in farm parcel sizes relative to farmland development rights agreement action (full termination, partial termination, or term reduction or no change) by the landowner?

A variety of data sources were used to determine the mean farm parcel size for the agreement action groups. The full termination farm parcel size was calculated from data provided by the Michigan Department of Natural Resources for the sampled parcels. The partial termination and term reduction farm parcel sizes were calculated from respondent provided data in question # 1a of the P.A. 116 questionnaire. The no change farm parcel size was estimated based on the mean acreage for all current and temporary farmland agreements, prior to the window of opportunity.

Temporary agreements are those agreements that are in the application process of becoming a current agreement.

Analysis of the data indicated the mean farm parcel sizes were: term reduction agreements, 171 acres (S.D. 191.8); no change agreements, 90 acres (S.D. 58.2); full termination agreements, 74 acres (S.D. 53.7); and partial termination agreements, released parcel 20 acres, (S.D. 37.6). Table 5 displays the farm parcel size data.

Table 5. Farm parcel size by agreement action group

Agreement Action Group	Mean (acres)	S.D. (acres)	Min. size (acres)	Max. size (acres)
Full Termination*	74	53.7	3.5	429
Partial Termination (released parcel)	20	37.6	0.1	240
Term Reduction	171	191.8	1.4	1000
No Change*	90	58.2	5.0	1000

*Michigan DNR data

RESEARCH QUESTION 4

Were landowners located closer to urban centers, more likely to request changes (full termination, partial termination or term reduction) in their farmland development rights agreements than those located more distant from urban centers?

To answer this research question, landowners were asked to estimate the distances from the farm parcel to the nearest larger city and the nearest smaller city, town or

village. They were also asked to name the cities, towns or villages in question # 2 of the P.A. 116 questionnaire.

One-way analysis of variance tests were conducted to compare distances to larger cities and smaller cities, towns and villages for each agreement action group. There were no significant differences ($P \leq 0.05$) in the distances from the farm parcels to urban centers relative to farmland agreement action by the landowner (Appendix C). On the average farm parcels were 21.8 miles from larger cities (S.D. 16.08) and 4.7 miles to smaller cities, towns or villages (S.D. 3.08).

Landowners were asked to classify their farm parcel location as rural, developing rural, suburban or urban fringe area in question # 1 of the P.A. 116 questionnaire. The landowner's classification of their farm parcel location was an indicator of distance to urban centers.

The farm parcel locations were coded as 1 = rural area, 2 = developing rural area, 3 = suburban area and 4 = urban fringe area. A Pearson chi-square value was calculated for location categories by agreement action groups to determine if a association existed between the two variables. The chi-square value indicated no significant association ($P \leq 0.05$) existed between location categories and agreement action (Appendix C). Table 6 illustrates the majority of the farm parcels were located in rural (76.0%) or developing rural areas (21.9%).

Table 6. Landowners' classification of farm parcel locations (n = 965)

Farm Location	Percent
Rural area	76.0
Developing rural area	21.9
Suburban area	0.3
Urban fringe area	1.8

RESEARCH QUESTION 5

What were the anticipated uses for land released, or eventually released, from farmland development rights agreements?

Question # 3 of the P.A. 116 questionnaire asked landowners to select one of the following land uses for the parcel released, or eventually released, from P.A. 116: continued agricultural use by yourself, a relative or partner; continued agricultural use by *someone other than* yourself, a relative or partner; to be developed for residential, commercial, industrial or recreational purposes by yourself, a relative or partner; to be developed for residential, commercial, industrial or recreational purposes by *someone other than* yourself, a relative or partner; do not plan to terminate P.A. 116 agreement; and other use (please specify).

A cross-tabulation of agreement action groups by anticipated land uses was constructed to describe anticipated land uses following P.A. 116. Various

agricultural uses were aggregated into an agricultural use category. Various development uses were aggregated into a development use category.

The majority of full termination (79 percent), term reduction (91 percent) and no change (94 percent) farm parcels will continue in agricultural use after P.A. 116. The majority (73 percent) of the partial termination farm parcels will be developed for residential, commercial, industrial or recreational purposes (Figure 3).

Thirteen percent of the landowners in the term reduction group and 38 percent in the no change group indicated they do not plan to terminate their farmland development agreements. These data were collapsed into the agricultural use category.

The other uses that landowners (n = 983) cited for farm parcels released from farmland agreements included: wildlife habitat (0.6 percent), public uses (0.2 percent) and conservation reserve program (0.1 percent).

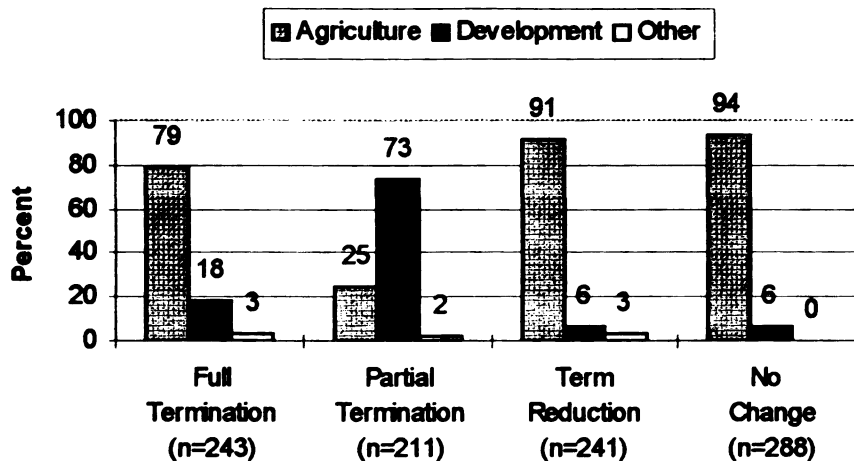


Figure 3. Planned land use after P.A. 116

RESEARCH QUESTION 6

Why did landowners with farmland rights development agreements, request changes in their agreements?

An open-ended question was used to determine the reasons full termination, partial termination and term reduction landowners chose to change their farmland agreements (question # 4 of the P.A. 116 questionnaire). A cross-tabulation of agreement action groups by reasons to change farmland development agreements was constructed to answer the research question. Table 7 displays the most frequently cited reasons why landowners changed farmland agreements.

The most frequently cited reason landowners in the full termination group changed their farmland agreements was ineligibility for a P.A. 116 tax credit (40 percent). Other

reasons included to provide flexibility for future land uses (18 percent); to release a lot, home and/or buildings from P.A. 116 use restrictions (13 percent); farm sold or for sale (7 percent); development value of the farm (5 percent); financial advantage (5 percent); and other miscellaneous reasons.

For partially terminated farm parcels, 63 percent of the landowners indicated the reason they changed their farmland agreements was to release a lot, home and/or buildings from P.A. 116 use restrictions. The other commonly cited reasons were to provide flexibility for future land uses (8 percent) and the land was non-farm land or in non-farm use (7 percent).

Landowners in the term reduction group indicated the primary reasons they changed their farmland agreements included: flexibility for future land uses (34 percent); ineligibility for P.A. 116 tax credit (26 percent); the term of the agreement was too long (12 percent); to release a lot, home and/or buildings from P.A. 116 use restrictions (9 percent); and retirement planning (5 percent).

Table 7. Reasons landowners changed farmland agreements

Agreement Action Group	To release lot, house or building	No tax credit	Flexibility	Term too long	Farm sold or for sale	Non-farm land or use	Development value	Retirement Planning	Financial advantage	Field small or irregular	Eliminate lien	Some expiration date	Convert to public use	Other reasons	Total
(n)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Full Termination (n = 236)	13	40	18	2	7	1	5	1	5	2	3	0	0	3	100
Partial Termination (n = 207)	63	4	8	0	4	7	3	2	0	3	0	0	2	4	100
Term Reduction (n = 223)	9	26	34	12	2	1	0	5	2	0	3	2	0	4	100
Total (n = 667)	27	24	20	4	4	3	3	3	2	2	2	1	1	4	100

RESEARCH QUESTION 7

Why did landowners with farmland development rights agreements, not request changes in their agreements?

An open-ended question was used to determine the reasons landowners chose not to change their farmland agreements (question # 4--no change version, of the P.A. 116 questionnaire). A cross-tabulation of no change in agreement action group by reasons not to change farmland agreements was constructed to answer the research question.

Landowners who did not make a change in their farmland agreements indicated they were satisfied with the P.A. 116 program (34 percent) or that they wanted to maintain agricultural use/prevent development of farm parcels (27 percent). Other commonly cited reasons for not changing agreements included to maintain the tax credit (14 percent), the agreement was near its expiration date (8 percent), the landowner was unaware of the opportunity to change agreements (5 percent), and the landowner was unable to afford the tax credit repayment (3 percent).

RESEARCH QUESTION 8

Would enhanced participation incentives encourage landowners to maintain unchanged farmland development rights agreements?

Landowners were asked in question # 5 of the P.A. 116 questionnaire, to indicate yes or no, to which following

incentives would have encouraged them to continue the original P.A. 116 farmland agreement: larger P.A. 116 tax credit; eliminate the seven year credit repayment requirement (lien); enhanced right to farm protection from nuisance complaints; enhanced right to farm protection from local zoning ordinances; protection from eminent domain (taking of land for public use); and other incentive (please specify). A cross-tabulation of agreement action groups by enhanced incentives was constructed to answer the research question.

Enhanced incentives would encourage landowners to continue unchanged farmland agreements (Tables 8-12). Between 54 and 74 percent of all the landowners indicated the listed incentives would have encouraged them to maintain unchanged farmland agreements.

The majority of landowners who changed their farmland agreements preferred the elimination of the seven year credit repayment requirement (lien), to encourage them to continue their unchanged agreement (Table 8). Sixty-eight percent of the full termination group, 56 percent of the partial termination group and 84 percent of the term reduction group preferred the elimination of the lien repayment requirement. A larger tax credit was the second most selected incentive for landowners who chose full

termination and term reduction, 57 percent and 74 percent, respectively (Table 9).

Enhanced right to farm protection from nuisance complaints and local zoning ordinances was the second most selected incentive (43 percent each) for the partial termination group of landowners (Tables 10 & 11).

The least preferred incentive by all landowner groups was protection from eminent domain (43 percent, full termination; 36 percent, partial termination; and 53 percent, term reduction). Table 12 displays the data for landowner support for the protection from eminent domain.

The landowners who made no change in their farmland agreements were supportive (76 to 82 percent) of all the enhanced incentives listed in the questionnaire (Tables 8-12).

Table 8. Landowner support for the elimination of property tax lien to continue farmland agreements

Agreement Action Group	Eliminate property tax lien		
	n	% Yes	% No
Full Termination	197	68	32
Partial Termination	165	56	44
Term Reduction	225	84	16
No Change	262	80	20
Total	849	74	26

Table 9. Landowner support for a larger P.A. 116 tax credit to continue farmland agreements

Agreement Action Group	Larger property tax credit		
	n	% Yes	% No
Full Termination	201	57	43
Partial Termination	160	42	58
Term Reduction	210	74	26
No Change	270	82	18
Total	841	67	33

Table 10. Landowner support for enhanced Right to Farm protection from nuisance complaints to continue farmland agreements

Agreement Action Group	Enhanced RTF protection from nuisance complaints		
	n	% Yes	% No
Full Termination	177	47	53
Partial Termination	150	43	57
Term Reduction	192	65	35
No Change	244	81	19
Total	763	62	38

Table 11. Landowner support for enhanced Right to Farm protection from zoning ordinances to continue farmland agreements

Agreement Action Group	Enhanced RTF protection from zoning ordinances		
	n	% Yes	% No
Full Termination	172	45	55
Partial Termination	146	43	57
Term Reduction	186	58	42
No Change	242	80	20
Total	746	59	41

Table 12. Landowner support for protection from eminent domain to continue farmland agreements

Agreement Action Group	Protection from eminent domain		
	n	% Yes	% No
Full Termination	176	43	57
Partial Termination	144	36	64
Term Reduction	184	53	47
No Change	233	76	24
Total	737	54	46

Forty-one other incentives were suggested by landowners to continue unchanged farmland agreements. The most frequently mentioned other incentives were: allow greater flexibility in land use options (12 respondents); various larger tax credits (6 respondents); to be able to build a home (5 respondents); state purchase of development rights program (4 respondents); and reduction of the lien (4 respondents).

RESEARCH QUESTION 9

What enhanced tax credit level would encourage landowners to maintain unchanged farmland development rights agreements?

The landowner responses for question # 6 of the P.A. 116 questionnaire were used to answer this research question. The respondents that indicated an interest in a larger P.A. 116 tax credit (question # 5 of the P.A. 116 questionnaire) were asked to select one of the following larger tax credits: property tax that exceeds 3.5% of

household income; excess property tax due to development potential; or other credit (please specify). The data were first filtered for only those cases where the respondent indicated interest in a larger tax credit in question # 5. Then a cross-tabulation of agreement action groups by larger tax credit levels was constructed to determine landowner interest in larger tax credits.

Of the landowners who indicated a larger tax credit would have encouraged them to continue their unchanged farmland agreement, the majority selected a tax credit equal to the amount of property tax that exceeds 3.5% of household income (full termination, 54 percent; partial termination, 61 percent; term reduction, 66 percent; and no change, 65 percent). The second choice of landowners was a credit equal to excess property tax due to development potential (21 to 25 percent of the landowners). Other tax credits cited by the respondents included: a tax credit not based on income, 100% property tax credit, credit tied to parity, no school tax on farmland, and various other higher tax credits. Table 13 displays the level of landowner support for enhanced tax credits to continue unchanged farmland agreements.

Table 13. Landowner support of larger P.A. 116 tax credits to continue farmland agreements (n = 494)

Agreement Action Group	Tax > 3.5% household income (%)	Tax due to development potential (%)	Both of the previous tax credits (%)	Credit not based on income (%)	Other credit (%)	Total (%)
Full Termination	54	24	8	9	5	100
Partial Termination	61	21	5	4	9	100
Term Reduction	66	21	3	6	4	100
No Change	65	25	2	4	4	100
Total	63	23	4	5	5	100

RESEARCH QUESTION 10

How did landowners, with farmland development rights agreements, rate the quality of service from state agencies (MSU Extension, Farmland Division of DNR, Michigan Department of Treasury and the Soil Conservation District), regarding P.A. 116 matters?

Question # 8 of the P.A. 116 questionnaire asked landowners to rate the quality of service from the state agencies as poor, fair, good, excellent or no contact. The data were coded 1 = poor, 2 = fair, 3 = good, 4 = excellent and 5 = no contact. The "no contact" frequencies, in percent, were subtracted from 100% to determine the percent of landowners that had contact with each state agency. The data were then filtered to ignore those respondents that had

no contact with the state agency to calculate a mean rating score for each state agency.

Sixty-five percent of the landowners had contact with the DNR Farmland Division, 59 percent had contact with the Department of Treasury, 48 percent had contact with MSU Extension and 44 percent had contact with the Soil Conservation Service (Figure 4).

Of the landowners that had contact with the state agency, the mean quality of service ratings was approximately good for each agency (Figure 5). On a scale of 1 = poor to 4 = excellent, the mean landowner quality of service rating for MSU Extension was 2.9 (S.D. .79); the Soil Conservation Service rating was 2.9 (S.D. .84); the DNR Farmland Division rating was 2.8 (S.D. .95); and the Department of Treasury rating was 2.6 (S.D. .96).

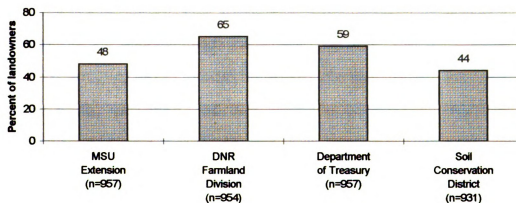
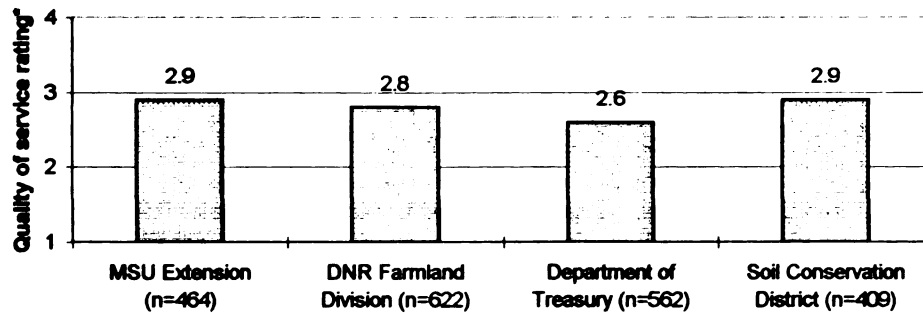


Figure 4. Landowners who had contact with state agencies regarding P.A. 116 matters



*Rating Scale: 1= poor, 2= fair, 3= good, 4= excellent

Figure 5. Agency quality of service ratings by landowners familiar with the agency

RESEARCH QUESTION 11

How knowledgeable were landowners, with farmland development rights agreements, of contemporary land use issues and concepts (Subdivision Control Act, cluster housing development, comprehensive master plan, purchase of development rights and agricultural security areas)?

Question #9 of the P.A. 116 questionnaire asked landowners to rate their knowledge of the Subdivision Control Act, cluster housing development, comprehensive master plan, purchase of development rights and agricultural security areas as poor, fair, good, excellent or no knowledge. The data were coded 1 = poor, 2 = fair, 3 = good, 4 = excellent and 5 = no knowledge. The "no knowledge" frequencies, in percent, were subtracted from 100% to determine the percent of landowners that had knowledge of each land use issue or concept. The data were

then filtered to ignore those respondents that had no knowledge of an issue to calculate a mean knowledge score for each issue.

Fifty-eight percent of the landowners had knowledge of purchase of development rights, 54 percent had knowledge of the Subdivision Control Act, 50 percent each had knowledge of cluster housing development and comprehensive master plan, and 48 percent had knowledge of agricultural security areas (Figure 6).

Of the landowners who indicated knowledge of the land use issue or concept, their mean knowledge rating was approximately fair for each issue or concept (Figure 7). On a scale of 1 = poor to 4 = excellent, the landowner mean knowledge rating for purchase of development rights was 2.1 (S.D. .92); the rating for the Subdivision Control Act was 2.0 (S.D. .91); the rating for agricultural security areas was 1.9 (S.D. .89); and the ratings for cluster housing development and comprehensive master plan were 1.8 (S.D. .91 and .92 respectively).

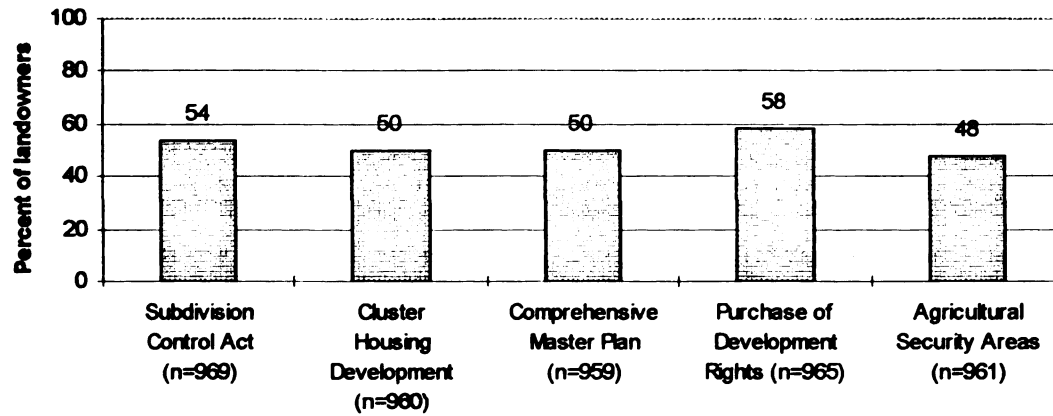
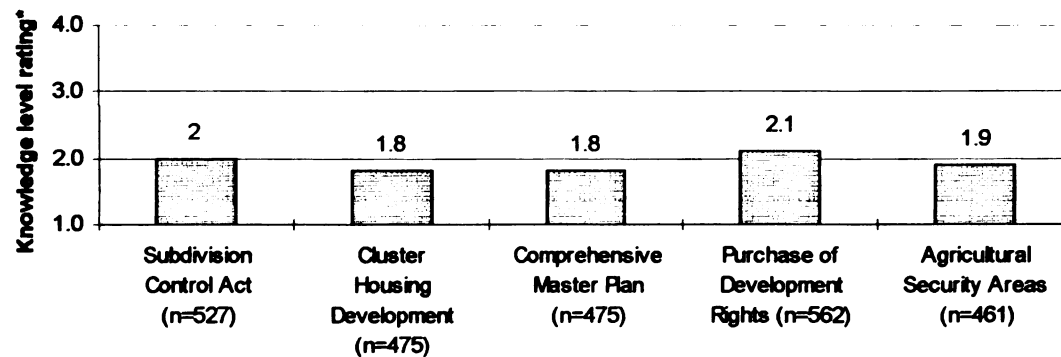


Figure 6. Landowners who had knowledge of land use concepts



*Rating scale: 1= poor, 2= fair, 3= good and 4= excellent

Figure 7. Knowledge level ratings of land use concepts, by landowners familiar with the concept

RESEARCH QUESTION 12

Was there a difference in the proportion of landowners claiming P.A. 116 tax credits relative to their farmland development rights agreement action (full termination, partial termination, term reduction or no change)?

Question # 7 of the P.A. 116 questionnaire asked landowners to indicate yes or no, if they claimed a P.A. 116 farmland preservation credit on their 1995 and 1996 Michigan income tax returns. A cross-tabulation of agreement action groups by tax credit was constructed to describe differences among agreement action groups.

There were fewer landowners in the full termination group who claimed a P.A. 116 tax credit in 1995 and 1996 compared to the other landowner groups (Figure 8). Twenty-four and 21 percent of the full termination landowners claimed a P.A. 116 tax credit in 1995 and 1996 respectively, whereas approximately two-thirds of the landowners in the partial termination, term reduction and no change groups claimed a P.A. 116 tax credit for the same years. The n listed in Figure 8 was the average number of landowners for years 1995 and 1996.

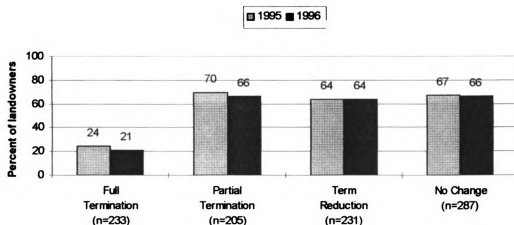


Figure 8. Landowners claiming P.A. 116 tax credit in 1995 and 1996

RESEARCH QUESTION 13

Was there a relationship between who the primary operator of the farm was and the landowner's action under the window of opportunity?

Question # 11 of the P.A. 116 questionnaire asked landowners who was the primary operator of the farm parcel: yourself, a relative or partner; or someone other than yourself, a relative or partner.

The responses were coded as: 1 = yourself, a relative or partner; 2 = someone other than yourself, a relative or partner. A Pearson chi-square value was calculated for primary operator categories by agreement action groups to determine if an association existed between the two variables. The chi-square value indicated a significant relationship ($P \leq 0.05$) existed between the primary operator of the farm parcel and agreement action (Table 14).

Eighty-nine percent of the partial termination farm parcels were operated by the owner, relative or partner; whereas 85 percent of the term reduction parcels, 82 percent of the full termination parcels, and 80 percent of the no change parcel were operated by the same operator category.

Table 14. Primary farm operator by agreement action group
(n = 1000)

Agreement Action Group	Owner relative or partner	Others
	(%)	(%)
Full Termination	82	18
Partial Termination	89	11
Term Reduction	85	15
No Change	80	20
Total	84	16

Chi-Square = 9.132, Degrees of freedom = 3,
Significance = .028

RESEARCH QUESTION 14

What additional comments did landowners with farmland development rights agreements have on the P.A. 116 program?

This research question was asked in an open-ended format in question # 13 of the P.A. 116 questionnaire. Three hundred and fifty respondents provided additional comments on the P.A. 116 program. Seventy-two comments were classified as favorable of the P.A. 116 program, 153 were classified as neutral and 125 were classified as unfavorable. Appendix D lists all landowner comments, sorted by category: favorable comments, neutral comments and unfavorable comments. A few representative comments are listed verbatim below.

Of the 72 favorable comments, one-quarter praised the P.A. 116 program for the assistance it provided to maintain

farming operations. Eleven percent of the favorable comments specifically mentioned the tax benefits of the program and the remaining 64 percent were other various favorable comments. Three representative favorable comments are listed below.

"It was and is an excellent tool to keep farm land as it should be used and it assisted the farmer when taxes became too high, thus allowing a continuation of the farming operation."

"We think its been a great thing and will keep most of our land in it."

"Without P.A. 116 we could no longer afford to go on farming since 1986."

Of the 153 neutral comments, 19 percent discussed the need for enhanced incentives to improve the utility of the P.A. 116 program. Fourteen percent of the neutral comments mentioned the need for greater flexibility; 8 percent discussed the lien pay back requirement; 3 percent each, commented on the importance of farmland protection and the purchase of development rights program; and the remaining 53 percent were various other neutral comments. Four thoughtful neutral comments are listed below.

"We have taken the area the size of Switzerland out of the prime farmland of Michigan and haven't increased our population one. Switzerland has 10 million people. In all of Michigan we don't have 10 million people. This is ludicrous squander of our food resources but we can get away with it a while yet. There are houses built this summer in fields I harvested the best alfalfa I ever cut, never to grow alfalfa again!!!!"

"There needs to be more incentives to keep farm land. Farms being sold to development. Its hard to turn down

5 to 20 thousand per acre for housing. Yes that is bad, we all need to work together to preserve our farm land. There should be more of a effort to sell poorer ground with some type of tax relief for home buyers so they wouldn't buy prime farm land."

"If we in Michigan believe that there is a need for P.A. 116 and want the Ag business in the state to continue, we as farmers need to see the same kinds of incentives that we had when the program first started."

"Unless something very drastic is done the farm land will continue to be loss to development. The financial benefits from agriculture can not begin to compete with developments financial benefits. Family farms have been poor for so long that even a glimpse of income that can pay the bills and put a dollar in the bank (not to mention the hours of work for nothing) is beginning to be more tempting. Who can blame us, no matter how much we love the land, if we give in to that temptation just simply to survive. Why should we tie our farms to ag programs for less payment than what development will offer us?"

Of the 125 unfavorable comments, 16 percent mentioned slow service from state government on P.A. 116 matters. The lien payback requirement and the lost of benefits of the program, each represented 12 percent of the unfavorable comments. Ten percent of the unfavorable comments indicated a need for more accurate information on the program; 7 percent discussed the need for more flexibility; and the remaining 42 percent were various other unfavorable comments. Three representative unfavorable comments follow.

"The initial information on P.A. 116 was very poor. Most farmers did not know this was a deferred tax—that the tax credit for 7 years must be repaid. We do not receive tax refunds in a timely manner."

"It was never presented to participant that a lien would be applied against your property. It was supposed to help the farmer in a poor year, but putting

a lien against the farm is of no help in the end result. The program I felt was grossly misrepresented. We hired two attorneys for \$150.00 per hour (one in Holland, one in G. Rapids) at two separate occasions. Neither could tell us what the program was."

"We never had accurate facts on the agreement from the township and county officials. We were told to sign up for as long as you can and no problem on getting out of the agreement. Then we realized what a hardship it put on us with the properties being of no sentimental value. What a hassle or hardship it would put on our children and our children's children having signed for 99 years. Was just glad to be out of it! I don't like restrictions on something I own."

CHAPTER V

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

The continued loss of farmland to development is a concern to many. When farmland is developed, the associated benefits are permanently lost. Many agricultural producers, local and state policy makers and citizens recognize the need to develop new policies to reduce the loss of farmland in Michigan.

Public Act 116 of 1974, the Farmland and Open Space Preservation Act, was Michigan's first legislative action to protect farmland from development. It was designed to provide property tax relief to landowners who agreed not to develop their farmland for a specified period of time. However, since the enactment of P.A. 116, over 750,000 acres of farmland have been lost to development.

The primary purpose of this study was to determine if enhancements to P.A. 116 incentives (tax relief and others) could reduce the loss of farmland to non-agricultural uses.

A mail survey of 1340 landowners with P.A. 116 farmland agreements was used to determine the interests and

circumstances of landowners. The survey was conducted between September 1997 and April 1998 following a state enacted "window of opportunity" for landowners to terminate or change farmland agreements. Public Act 233 of 1996 allowed landowners to fully terminate, partially terminate or reduce the term of their farmland agreement, due to the change in the state's property tax structure.

Property tax relief is the primary incentive for landowners to participate in P.A. 116. The 1994 overhaul of the state's property tax structure (Proposal A) reduced the tax relief value of the PA 116 program to participating landowners. If P.A. 116 is to become a more effective policy alternative for farmland protection after Proposal A, amendments to P.A. 116 must be developed within the context of the new property tax structure.

RESULTS AND DISCUSSION

Seventy-eight percent or 1041 of the 1340 sampled P.A. 116 landowners responded to the questionnaire. The responding landowners were located in 63 of Michigan's 83 counties, representing the primary production areas of the state.

On the average, the P.A. 116 landowners were 59 years old and 84 percent were the owner/operator of the farm parcel selected for the study. Sixty-eight percent of the farms were cash crop operations.

Nearly all (98 percent) of the farm parcels randomly selected for this study were classified by the landowner as being located in rural or developing rural areas. Two percent of the parcels were classified by the landowners as being located in suburban or urban fringe areas. This finding confirmed that P.A. 116 is not protecting farmland in urbanizing areas.

The number of farmland agreements changed under the window of opportunity (full termination, partial termination and term reduction) was an important finding in itself. The Michigan Department of Natural Resources, Farmland and Open Space Preservation Program data indicated the majority of farmland agreements, 78 percent, were not changed during the window of opportunity. Twenty-two percent of the farmland agreements were changed

The P.A. 116 study indicated that the primary reasons landowners did not change their farmland agreements were they were satisfied with the P.A. 116 program or they desired to maintain agricultural land use and discourage non-agricultural development.

Despite the fact that 59 percent of all farmland agreements were to expire by the year 2005 (Skjaerlund & Norberg, 1994), only 8 percent of the landowners who did not change their farmland agreements indicated that nearby agreement expiration was the reason for their inaction.

Five percent of the no change landowners indicated they were unaware of the window of opportunity.

The fact that 78 percent of the landowners did not change their farmland agreements, indicated P.A. 116 was still a useful program to many landowners. Any amendments to the Act should not diminish the current benefits of the program that are valued by many landowners.

The landowners who represent the 22 percent of the farmland agreements that were changed under of the window of opportunity, indicated three primary reasons for making a change. The reasons were: to release a lot, house or buildings from P.A. 116 use restrictions; ineligibility for a P.A. 116 tax credit; and to provide flexibility for future land use options. When analyzed, these stated reasons translated into the landowners' interest in potential non-agricultural development opportunities, rather than farmland preservation.

The landowners who fully terminated a farm parcel did so primarily because they were ineligible for the P.A. 116 tax credit. Less than one-quarter of the full termination landowners claimed a P.A. 116 tax credit in 1995 or 1996. This inferred these landowners have larger household incomes relative to their property tax burden. The study showed the full termination parcels were smaller than the term reduction and no change parcels. However, landowners may

have multiple farmland agreements and other real property not in the program that would increase their property tax burden.

The study indicated that 79 percent of the full termination farm parcels will continue to be used for agricultural purposes. However, these parcels are available for future development opportunities because the P.A. 116 land use restrictions are lifted. If landowners were completely committed to agricultural uses, there would be no economic reason to fully terminate their farmland agreement.

The landowners who partially terminated a parcel from P.A. 116 were primarily interested in selling the released parcel for development or personally developing the parcel. The released parcels averaged 20 acres in size.

The partially released parcels that are developed may lead to the loss of additional farmland. Studies have indicated the momentum of new development may initiate the cycle of farmland conversion to non-agricultural uses (Skjaerlund & Norberg, 1994).

Partially terminated farmland agreements still have the remaining portion of the parent parcel enrolled in P.A. 116. The data from the study indicated approximately two-thirds of the partial termination landowners claimed a P.A. 116 tax credit in 1995 and 1996. This finding likely explains the landowners' choice of partial termination over full

termination. Only one-quarter of the full termination landowners claimed a P.A. 116 tax credit for the same years.

Some of the released parcels (under partial termination) were likely houses or buildings that were rented to others not involved with the farming operation. This is a violation of the P.A. 116 rules, but non-conforming uses are difficult to police. P.A. 233 provided landowners an opportunity to correct pre-existing non-conforming uses. The study did not quantify the number of pre-existing non-conforming uses.

The landowners who reduced the term of their farmland agreements primarily for future land use flexibility and because they were ineligible for P.A. 116 property tax credit. These landowners also indicated they intend to continue with agricultural uses, following the expiration of the P.A. 116 agreement.

It can similarly be concluded that the term reduction parcels will be available for development, although for the next seven years they are limited to agricultural uses.

Two-thirds of the term reduction landowners claimed a P.A. 116 tax credit in 1995 and 1996, thus explaining their interest to continue with the program for at least the next seven years.

P.A. 233 increased the flexibility of the Farmland and Open Space Preservation Act by reducing the renewal term

from 10 years to 7 years. More term reduction landowners may choose to renew their farmland agreement rather than to develop their land, given the new 7 year option.

Of the enhanced P.A. 116 incentives that were suggested in this study, the elimination of the lien repayment requirement was the one most preferred by landowners who changed their farmland agreements. A larger P.A. 116 tax credit was the second most preferred incentive.

The landowners clearly preferred the two incentives that provided direct financial benefits over the others that provided protection for the continuation of the farming operation. Enhanced right to farm protection from nuisance complaints and zoning ordinances, and protection from eminent domain were the less preferred incentives.

The lien pay back requirement was the subject of 27 comments, the majority being unfavorable, in response to the open-ended question asking for additional comments on the P.A. 116 program.

A July 1998 review of the Michigan Department of Natural Resources, Farmland and Open Space Preservation Program records showed 67 percent of the full termination farmland agreements had paid off liens. Landowners had paid back the last seven years of P.A. 116 tax credits to avoid the placement of a lien against the farm parcel.

The payment of the P.A. 116 lien was not required until any or all the land was sold or the use of the land changed to a non-agricultural use. Most (79 percent) of the full termination landowners intended to continue with agricultural use and therefore were not required to pay the lien.

The P.A. 116 tax credits should be considered as ordinary income. They should be used for personal and business needs, especially since the tax credits do not accrue an interest charge. It makes no economic sense to pay back P.A. 116 tax credits to avoid the placement of a lien against the farm parcel.

The lack of economic rationale in regard to the repayment of the P.A. 116 expiration lien, may relate to the culture and the age of the landowners. The P.A. 116 landowners were on the average 59 years old, older than the average farmer in Michigan (Michigan Agricultural Statistics, 1996). Many have lived through the depression and observed or experienced farm foreclosure. This generation of farmers, and likely all farmers, greatly value their farmland and the full property rights associated with land ownership. One study respondent wrote of their farm families "love" of the land.

The study illustrated landowners' dislike for the property tax lien. If P.A. 116 is to become a more

effective farmland protection tool, the landowners' negative perception of the expiration lien must be addressed.

The second most preferred incentive to encourage landowners to continue their farmland agreement was a larger PA 116 tax credit. Of those landowners who supported a larger P.A. 116 tax credit, most preferred reduction of the tax credit threshold from 7 percent of household income to 3.5 percent. This would increase the number of landowners eligible for a P.A. 116 tax credit. It would also be consistent with the homestead property tax credit threshold.

Table 15 compares the net property taxes for a hypothetical landowner under three scenarios: before Proposal A, after Proposal A with a 7 percent of household income threshold (current P.A. 116 program) and after Proposal A with a 3.5 percent of household income threshold (landowner preferred tax credit).

Table 15. Net property taxes before Proposal A, and after Proposal A with thresholds of 7 and 3.5 percent of household income

	Before Proposal A	After Proposal A (7% threshold)	After Proposal A (3.5% threshold)
Household Income	\$40,000	\$40,000	\$40,000
Property Taxes	\$4,000	\$2,400	\$2,400
P.A. 116 Tax Credit	\$1,200 ¹	\$0 ²	\$1,000 ³
Net Property Taxes ⁴	\$2,800	\$2,400	\$1,400

¹ \$40,000 x .07 = \$2,800 base for tax credit
\$4,000 - \$2,800 = \$1,200 tax credit

² \$40,000 x .07 = \$2,800 base for tax credit
\$2,400 - \$2,800 = \$0 tax credit

³ \$40,000 x .035 = \$1,400 base for tax credit
\$2,400 - \$1,400 = \$1,000 tax credit

⁴ Property Taxes - P.A. 116 Tax Credit = Net Property Taxes

Before Proposal A, this landowner paid \$4,000 in property taxes, but received a P.A. 116 property tax credit of \$1,200. This resulted in a net property tax of \$2,800. After Proposal A, the same landowner's property taxes were reduced 40 percent (Harvey, 1994), to \$2,400. Under the current 7 percent of household income threshold, the landowner paid \$2,400 in property taxes but was ineligible for a P.A. 116 tax credit. His net property tax was \$2,400.

Under the landowner preferred 3.5 percent of household income threshold, the landowner would pay \$2,400 in property taxes and would be eligible for a P.A. 116 tax credit of \$1,000. His net property tax would be \$1,400. The net property tax savings over the 7 percent threshold would be \$1,000. Correspondingly, the cost to Michigan taxpayers to fund farmland protection in this manner would increase by \$1,000.

FARMLAND PROTECTION POLICY IMPLICATIONS

The data collected in this study indicated farmland will continue to be lost to development at a pace similar to the past 24 years. Table 16 estimates future loss of P.A. 116 farmland to development by multiplying the number of farmland agreements in each agreement group, by the average parcel size, by the proportion of parcels to be developed. The average parcel size and the proportion of parcels to be developed were derived from this study. The Michigan

Department of Natural Resource, Farmland and Open Space Preservation Program provided the number of agreements for each action group.

Table 16. Estimated future P.A. 116 farmland loss

Agreement Action Group	No. Farmland Agreements*	Ave. Parcel Size** (acres)	Estimated Acreage (acres)	Proportion to be developed** (%)	Estimated Farmland Loss (acres)
Full Termination	2,727	74	201,798	18	36,324
Partial Termination	1,115	20	22,300	73	16,279
Term Reduction	5,434	171	929,214	6	55,753
No Change	33,029	90	2,972,610	6	178,356
Total	42,305		4,125,922		286,712

*Michigan DNR data

**PA 116 Study data

An estimated 286,712 acres of P.A. 116 farmland will be developed given current state policies and landowner intentions. If a similar farmland conversion rate is calculated for the remaining non-P.A. 116 farmland (57 percent of the state's farmland), an additional 380,060 acres will be lost. These calculations estimate 666,772 total acres will be lost to development in the remaining life-span of the current landowners, approximately 25 years. This is a conservative estimate, since most all of the non-P.A. 116 land is available for development.

Farmland loss will continue to be an issue in Michigan if current policies remain unchanged. The social and

ultimately political question that must be answered is how much farmland should be protected to balance the cost to society with the benefits accrued to society?

The costs of various farmland protection policy alternatives can be calculated, but the benefits derived from farmland protection are difficult to quantify. The employment and economic benefits of agriculture can be estimated, but can the value of maintaining clean drinking water, providing flood land retention areas, enhancing wildlife protection and supporting recreation and tourism related industries? The often-mentioned social benefit of preserving scenic open space is clearly difficult to value.

The political process will determine the level of farmland protection in Michigan. The legislature and the governor will decide how much public funding to allocate to this problem, based on their understanding of public need and available resources.

This study indicated P.A. 116 landowners would protect more farmland from development if the expiration lien was eliminated and a larger tax credit was provided. The study did not explore the issue of a reduced expiration lien, but it is logical to expect a reduced lien would also reduce farmland loss.

Two approaches to reducing the expiration lien have been suggested. One approach, suggested by several of the

study respondents, would reduce the years of credit to be repaid based on the term of the farmland agreement. The longer the landowner protects farmland from development the smaller the expiration lien, until at some point no repayment would be required. Table 17 illustrates a potential reduced lien repayment schedule.

Table 17. Potential reduced P.A. 116 lien repayment schedule

Term of PA 116 enrollment (years)	Lien Amount (years of credit to be repaid)
10	7
20	5
30	3
40+	0

The other approach, associated with current Agricultural Security Area legislation, would reduce the lien over time, as long as the parcel remained in agricultural use following the expiration of an agreement to not develop the parcel. This approach would eliminate the lien in seven years (Everett, 1998).

This study indicated any farmland protection policy that attempts to recover tax credits through a lien will be less acceptable to landowners than other means. Public Act 233 attempted to address this problem by requiring the Michigan Department of Natural Resources to contact all landowners with farmland agreements at least seven years

before the expiration of the agreement. The notice was to explain the seven year expiration lien and to explain the lien can be avoided by not claiming a tax credit during the last seven years of the agreement. An amended P.A. 116 could similarly notify landowners of an amended lien repayment requirement.

This study and others have demonstrated P.A. 116 was ineffective in protecting farmland in rapidly urbanizing areas. This deficiency will not be corrected with incentive enhancements. Other farmland protection approaches will be required in urbanizing areas of the state.

Low-density residential development is occurring in most of the lower half of the lower peninsula and in a number of the northern counties (Michigan Society of Planning Officials, 1995). Development is occurring in the most rural of townships that are within a reasonable distance to an urban center. An amended P.A. 116 can be an effective farmland protection approach for this kind of farmland loss.

The cost to Michigan taxpayers to enhance P.A. 116 by eliminating or reducing the lien and increasing the tax credit should be compared to other methods of farmland protection. The purchase of development rights (PDR) option can permanently retire development rights, but the short-term cost per acre of land protected is high. An adequate

funding source for a PDR program has not yet been identified. Elimination or reduction of the P.A. 116 lien repayment requirement would negatively impact the PDR option, since the P.A. 116 lien fund is the primary funding source.

Other farmland protection approaches such as use value taxation, mandatory agricultural zoning, agricultural security areas, right to farm protection, revision of the Land Development Act and actions that enhance the economic viability of farming, need to be evaluated. All methods can provide farmland protection, positively stimulate the state's agricultural industry and contribute to the well-being of Michigan's citizens. The appropriate farmland protection approach will balance total public costs with total public benefits.

The results of this study suggest state policy makers should consider enhancements to the Farmland and Open Space Preservation Act incentives as a viable alternative to reduce the loss of farmland in Michigan.

LAND USE EDUCATION RECOMMENDATIONS

As part of the P.A. 116 study, landowners were asked two multiple-part questions about land use education. One question was designed to gauge landowner use and rating of state agencies for P.A. 116 information, and the other to measure landowner engagement in the land use debate for

farmland protection. The responses to these questions were particularly useful to develop recommendations for MSU Extension's land use program.

The study indicated that landowners most often used the Michigan Department of Natural Resources Farmland and Open Space Preservation Program for information regarding the P.A. 116 program. Nearly one-half of the landowners had contact with MSU Extension regarding P.A. 116 matters, whereas two-thirds had contact with the MDNR Farmland and Open Space Preservation Program.

Potentially 100 percent of the landowners could have contact with the state agencies, but realistically the no change landowners (78 percent of all the P.A. 116 landowners) had little need to interact with the state agencies if they had decided to continue with their farmland agreement(s). MSU Extension served a number of P.A. 116 landowners during the window of opportunity. However when compared to the MDNR Farmland and Open Space Preservation Program, MSU Extension still had an opportunity to reach more landowners.

The quality of service ratings for all agencies included in the study were approximately good. This finding indicates landowners were generally satisfied with the quality of service provided by the state agencies.

The study showed nearly 50 percent of the landowners were not familiar with contemporary land use issues and concepts: the Subdivision Control Act, cluster housing development, comprehensive master plan, purchase of development rights, and agricultural security areas. Of those landowners that had familiarity with the issues and concepts, their levels of knowledge were approximately fair. These findings indicated the landowners were not very knowledgeable of land use issues and concepts, and therefore not well engaged in the land use debate for farmland protection.

Purchase of development rights was the only issue or concept that showed somewhat increased landowner familiarity and knowledge level. The Michigan Department of Agriculture, The Michigan Department of Natural Resources Farmland and Open Space Preservation Program, and Michigan Farm Bureau had provided extensive public information on purchase of development rights in association with the Governor's Farmland and Agricultural Development Task Force recommendations.

The study indicated the need to improve land use education for landowners. In order to wisely manage Michigan's agricultural land base, it is important to educate those who control it: private landowners and public officials.

There are a variety of public and private organizations that provide land use education in Michigan. These organizations include: MSU Extension, the Michigan Department of Natural Resources, Michigan Department of Agriculture, Michigan Farm Bureau, USDA Natural Resource Conservation Service, American Farmland Trust, the Society of Planning Officials and others.

MSU Extension is well positioned to lead a land use educational initiative since most of the P.A. 116 landowners are the owner/operators of the farm. Off-campus MSU Extension staff already have a strong working relationship with landowners due to their production agriculture educational programs. MSU Extension also has an active state and local government program that serves public officials.

As the only educational organization, MSU Extension should initiate discussions with the previously mentioned organizations to explore the development of a partnership to more effectively serve the educational needs of landowners and public officials. The discussion should explore ways to leverage resources from internal sources and other sources to support an on-going, coordinated land use educational effort.

A balanced land use educational effort should also involve other interested organizations, including the

proponents of development. The Michigan Association of Home Builders, the Michigan Association of Realtors and other pro-development groups' perspectives on the issue of farmland loss must be included to fully inform landowners and public officials of viable land use options.

Better informed citizens and public officials that understand the costs and benefits of farmland protection, as well as the alternative approaches to farmland protection and development, will ultimately result in the development of improved land use policies for Michigan.

SUGGESTIONS FOR FUTURE RESEARCH

A comparative study of the relative costs and effectiveness of various farmland protection approaches would provide excellent data for policy makers. The study should evaluate farmland approaches in different farmland locations: rural, developing rural, suburban and urban fringe areas.

An amended P.A. 116 program with enhanced incentives will not protect farmland from development in urbanizing areas. A comparative study would identify the appropriate approach for urbanizing areas.

The elimination of the lien repayment requirement was the most preferred enhanced incentive of P.A. 116 landowners to encourage them to continue with their farmland agreements. This study inferred that the reduction of the

P.A. 116 lien repayment requirement would similarly reduce the loss of farmland. An appropriate follow-up study would examine landowner acceptance of various reduced lien repayment schedules. Two approaches were suggested in this study.

Land use education for citizens and public officials was identified by this study as an important need. A study to evaluate various educational delivery means to reach these audiences would provide useful information for MSU Extension and a land use education partnership.

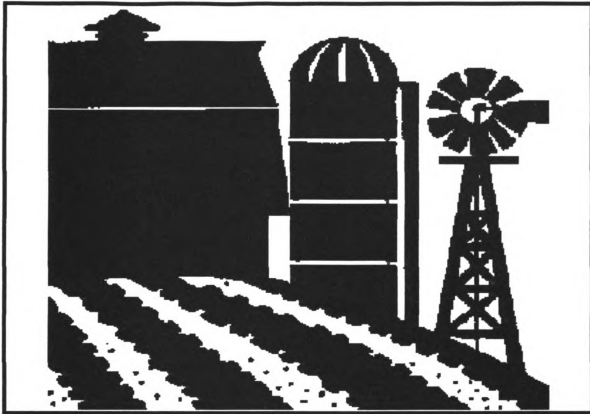
The data from this study indicated past informational efforts have reached approximately one-half of the P.A. 116 landowners. However, the self-described landowner knowledge levels were only fair. No quantification of public official knowledge of land use issues and concepts was attempted by this study.

APPENDICES

APPENDIX A

P.A. 116 QUESTIONNAIRE AND RELATED MATERIALS

APPENDIX A



P.A. 116: The Farmland and Open Space Preservation Act
Full termination questionnaire

Please answer the following questions for the farm parcel you chose to terminate from P.A. 116.

1. Do you consider this farm parcel to be located in a:

- ☐ Rural area
- ☐ Developing rural area
- ☐ Suburban area
- ☐ Urban fringe area

2. Please estimate the distance from this farm parcel to the nearest:

	Miles	Name of city, town or village
Larger city		
Smaller city, town or village		

3. When you terminated the P.A. 116 farmland agreement, which one of the following uses did you anticipate for this parcel? ***Please select one.***

- ☐ Continued agricultural use by yourself, a relative or partner.
- ☐ Continued agricultural use by *someone other than* yourself, a relative or partner.
- ☐ To be developed for residential, commercial, industrial or recreational purposes by yourself, a relative, or partner.
- ☐ To be developed for residential, commercial, industrial or recreational purposes by *someone other than* yourself, a relative, or partner.
- ☐ Other use (please specify) _____

4. What were the reasons you chose to terminate the P.A. 116 farmland agreement?

5. Which following incentives would have encouraged you to continue the original P.A. 116 farmland agreement? Please check ***yes*** or ***no*** for each item below.

- | Yes | No |
|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> Larger P.A. 116 tax credit |
| <input type="checkbox"/> | <input type="checkbox"/> Eliminate the seven year credit repayment requirement (lien) |
| <input type="checkbox"/> | <input type="checkbox"/> Improved right to farm protection from nuisance complaints |
| <input type="checkbox"/> | <input type="checkbox"/> Improved right to farm protection from zoning ordinances |
| <input type="checkbox"/> | <input type="checkbox"/> Protection from eminent domain (taking for public use) |
| <input type="checkbox"/> | <input type="checkbox"/> Other incentive (please specify) _____ |

If you selected "Larger P.A. 116 tax credit" in question 5, please answer the next question, otherwise skip to question 7.

6. What larger P.A. 116 tax credit do you feel would be appropriate? (Note: the credit is currently the amount of property tax that exceeds 7% of household income.) **Please select one.**

- ☐ Property tax that exceeds 3.5% of household income
☐ Excess property tax due to development potential
☐ Other credit (please specify)
-

7. Did you claim a P.A. 116 Farmland Preservation Credit on your two most recent Michigan Income Tax Returns?

	Yes	No
1995	<input type="checkbox"/>	<input type="checkbox"/>
1996	<input type="checkbox"/>	<input type="checkbox"/>

8. Over the past two years, how would you rate the quality of service you have received from the following agencies, regarding P.A. 116 matters?

	Poor	Fair	Good	Excellent	No Contact
MSU Extension	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmland Division, DNR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Michigan Dept. of Treasury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Conservation District	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. How would you rate your knowledge of the following land use issues?

	Poor	Fair	Good	Excellent	No knowledge
Subdivision Control Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cluster housing development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comprehensive master plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchase of development rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agricultural security areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. In what year was the principal farm owner born? _____

11. Who was the primary operator of this farm parcel?

- ☐ Yourself, relative or partner
- ☐ Someone other than yourself, relative or partner

12. What type of enterprise was predominant on this farm parcel? ***Please select one.***

- | | |
|--|---|
| <input type="checkbox"/> Cash grain | <input type="checkbox"/> Hogs/pigs |
| <input type="checkbox"/> Fruit/Vegetable | <input type="checkbox"/> Other livestock |
| <input type="checkbox"/> Beef | <input type="checkbox"/> Turf/Ornamental Crops |
| <input type="checkbox"/> Dairy | <input type="checkbox"/> Other (please specify) |

13. What additional comments about P.A. 116 do you wish to share?

Thank you for your assistance. Please return your completed questionnaire in the enclosed postage paid envelope to:

Agricultural and Extension Education
P.A. 116 Study
Michigan State University
409 Agriculture Hall
East Lansing, Michigan 48824-1039

September 29, 1997

Dear Michigan Landowner,

The Farmland and Open Space Preservation Act, P.A. 116, has been available to eligible landowners for more than twenty-two years. As a landowner with a farmland agreement recorded prior to April 15, 1994 you were eligible to change your agreement during the past year.

Michigan State University Extension is undertaking a study of P.A. 116 landowners and their farms. The purpose of the study is to determine program participant's opinions on how to improve P.A. 116 as a State land use policy.

Your farm selected for this study is identified below.

Owner:
Agreement number:
Your action:

Only a limited number of P.A. 116 landowners have been randomly selected for this study. Your response will represent the interests of a larger group of P.A. 116 landowners. Therefore it is important for you to complete the enclosed questionnaire. A postage paid envelope is enclosed for your convenience.

You indicate your voluntary agreement to participate in this study by completing and returning the questionnaire. Your response will be treated with complete confidentiality. The code number on the questionnaire is to allow for follow-up with non-respondents only. Please complete and return your questionnaire by **October 14, 1997**.

Thank you for your assistance in this important study.

Sincerely,

Allen P. Krizek
Michigan State University Extension
Land Use Area of Expertise Team

Monday, February 2, 1998

January can be a busy time in many households. Probably your last priority was to fill out a **questionnaire on farmland policy in Michigan!** However, *we really are interested in your opinions* on P.A. 116, The Farmland and Open Space Preservation Act.

You received a questionnaire during the week of January 12th and we have not yet received your reply. *Please take a few minutes to share your thoughts on the important issue* of farmland policy. Thank you in advance for your assistance.

Allen Krizek
Michigan State University Extension
Telephone: (517)373-9813

Michigan State University
Agricultural & Extension Education
410 Agriculture Hall
East Lansing, MI 48824-1039



APPENDIX A

January 12, 1998

Second Request

Dear

Last fall you received a questionnaire from me about P.A. 116, the Farmland and Open Space Preservation Act. My records indicate that *I did not receive a completed questionnaire back from you.*

I am hoping now that fall harvest and the holiday season is over, you will have time to complete and return the questionnaire. A replacement questionnaire and a self-addressed stamped envelope are enclosed for your convenience.

Michigan State University Extension is conducting this study of P.A. 116 landowners and their farms. The purpose of the study is to determine program participant's opinions on how to improve P.A. 116 as a State land use policy. To be sure that the study's conclusions accurately reflect the opinions of P.A. 116 landowners, *it is important that I hear from you.*

Your farm parcel selected for the study is identified below.

Agreement number:

Your action:

You indicate your voluntary agreement to participate in this study by completing and returning the questionnaire. Your response will be treated with complete confidentiality.

Please complete and return your questionnaire by **January 28, 1998.**

Thank you,

Allen P. Krizek
Michigan State University Extension
Land Use Area of Expertise Team
(517) 373-9813

MICHIGAN STATE UNIVERSITY

May 13, 1997

TO: Frank L. Brewer
410 Agriculture Hall

RE: IRB#: 97-339
TITLE: CHARACTERISTICS OF LANDOWNERS ENROLLED IN PA116
AND IMPLICATIONS TO MICHIGAN FARMLAND PROTECTION
POLICY
REVISION REQUESTED: N/A
CATEGORY: 1-C
APPROVAL DATE: 05/10/97

The University Committee on Research Involving Human Subjects' (UCRIHS) review of this project is complete. I am pleased to advise that the rights and welfare of the human subjects appear to be adequately protected and methods to obtain informed consent are appropriate. Therefore, the UCRIHS approved this project and any revisions listed above.

RENEWAL: UCRIHS approval is valid for one calendar year, beginning with the approval date shown above. Investigators planning to continue a project beyond one year must use the green renewal form (enclosed with the original approval letter or when a project is renewed) to seek updated certification. There is a maximum of four such expedited renewals possible. Investigators wishing to continue a project beyond that time need to submit it again for complete review.

REVISIONS: UCRIHS must review any changes in procedures involving human subjects, prior to initiation of the change. If this is done at the time of renewal, please use the green renewal form. To revise an approved protocol at any other time during the year, send your written request to the UCRIHS Chair, requesting revised approval and referencing the project's IRB # and title. Include in your request a description of the change and any revised instruments, consent forms or advertisements that are applicable.

**PROBLEMS/
CHANGES:**

Should either of the following arise during the course of the work, investigators must notify UCRIHS promptly: (1) problems (unexpected side effects, complaints, etc.) involving human subjects or (2) changes in the research environment or new information indicating greater risk to the human subjects than existed when the protocol was previously reviewed and approved.

If we can be of any future help, please do not hesitate to contact us at (517) 355-2180 or FAX (517) 432-1171.

Sincerely,

David E. Wright, Ph.D.
UCRIHS Chair

DEW:bed

cc: Allen Krizek



OFFICE OF
**RESEARCH
AND
GRADUATE
STUDIES**

University Committee on
Research Involving
Human Subjects
(UCRIHS)

Michigan State University
46 Administration Building
East Lansing, Michigan
48824-1046

517/355-2180
FAX 517/432-1171

The Michigan State University
DEA is Institutional Diversity:
Excellence in Action.

MSU is an affirmative-action,
equal-opportunity institution

APPENDIX B
FARMLAND AGREEMENT ACTION GROUPS BY COUNTY

APPENDIX B

Table 18. Farmland agreement action groups by county

County	Total Farmland Agreements		Full Termination	Partial Termination	Term Reduction
	n	(%)	(%)	(%)	(%)
Alcona	30	0.07	0.11	0.00	0.00
Alger	11	0.03	0.05	0.00	0.00
Allegan	904	2.14	4.23	2.22	5.08
Alpena	70	0.17	0.60	0.00	0.00
Antrim	146	0.35	0.55	0.11	0.00
Arenac	433	1.02	0.99	0.11	1.90
Baraga	1	0.00	0.00	0.00	0.00
Barry	344	0.81	0.88	1.56	0.00
Bay	1522	3.60	3.84	6.23	4.44
Benzie	17	0.04	0.00	0.11	0.00
Berrien	489	1.16	0.99	0.44	1.27
Branch	969	2.29	1.65	2.34	0.00
Calhoun	872	2.06	1.81	2.00	0.95
Cass	742	1.75	1.59	1.11	0.63
Charlevoix	42	0.10	0.11	0.11	0.00
Cheyboygan	17	0.04	0.00	0.00	0.00
Chippewa	161	0.38	2.31	0.22	0.32
Clare	153	0.36	1.04	0.67	0.32
Clinton	1114	2.63	2.75	3.00	3.17
Crawford	0	0.00	0.00	0.00	0.00
Delta	56	0.13	0.16	0.67	0.32
Dickinson	24	0.06	0.05	0.00	0.00
Eaton	813	1.92	1.98	1.56	0.95
Emmet	6	0.01	0.11	0.00	0.00
Genesee	365	0.86	0.55	1.11	0.95
Gladwin	222	0.52	0.82	0.22	1.59
Gogebic	0	0.00	0.00	0.00	0.00
Grand Traverse	160	0.38	0.77	0.33	0.32
Gratiot	2600	6.15	7.74	5.01	10.48
Hillsdale	1042	2.46	3.13	1.56	2.54
Houghton	1	0.00	0.00	0.00	0.00
Huron	3774	8.92	5.00	13.24	5.71
Ingham	793	1.87	1.15	0.44	1.59
Ionia	875	2.07	1.54	1.89	2.54
Iosco	77	0.18	0.16	0.22	0.32
Iron	9	0.02	0.00	0.00	0.00
Isabella	971	2.30	2.91	2.11	1.90
Jackson	499	1.18	2.14	0.67	0.63
Kalamazoo	591	1.40	1.21	1.22	2.54
Kalkaska	14	0.03	0.00	0.00	0.00
Kent	518	1.22	2.36	1.45	1.59

Table 18. (continued)

County	Total Farmland Agreements		Full Termination	Partial Termination	Term Reduction
	n	(%)	(%)	(%)	(%)
Keweenaw	0	0.00	0.00	0.00	0.00
Lake	19	0.04	0.05	0.11	0.00
Lapeer	640	1.51	2.14	1.89	1.90
Leelanau	111	0.26	0.49	0.33	0.00
Lenawee	2295	5.42	3.90	6.12	6.35
Livingston	253	0.60	0.27	0.11	0.95
Luce	0	0.00	0.00	0.00	0.00
Mackinac	26	0.06	0.00	0.00	0.00
Macomb	55	0.13	0.22	0.00	0.00
Manistee	39	0.09	0.22	0.11	0.00
Marquette	12	0.03	0.00	0.00	0.00
Mason	426	1.01	0.77	0.22	0.95
Mecosta	257	0.61	0.38	0.11	0.32
Menominee	142	0.34	0.27	0.78	0.63
Midland	615	1.45	1.87	1.67	1.59
Missaukee	487	1.15	0.38	1.22	1.27
Monroe	943	2.23	1.87	2.45	1.90
Montcalm	897	2.12	2.09	0.78	2.54
Montmorency	19	0.04	0.00	0.00	0.00
Muskegon	283	0.67	0.93	0.67	0.95
Newago	376	0.89	1.26	0.33	1.27
Oakland	47	0.11	0.11	0.11	0.00
Oceana	642	1.52	2.97	0.56	3.17
Ogemaw	168	0.40	0.27	0.00	0.95
Ontonagon	22	0.05	0.05	0.00	0.00
Osceola	237	0.56	0.27	0.33	0.63
Oscoda	8	0.02	0.16	0.00	0.00
Otsego	17	0.04	0.00	0.00	0.32
Ottawa	729	1.72	2.47	2.00	1.59
Presque Isle	39	0.09	0.05	0.00	0.00
Roscommon	4	0.01	0.00	0.00	0.00
Saginaw	2386	5.64	3.35	9.23	5.40
St. Clair	277	0.65	1.59	1.33	0.00
St. Joseph	842	1.99	2.20	1.67	1.59
Sanilac	2661	6.29	6.15	5.23	6.03
Schoolcraft	21	0.05	0.00	0.22	0.00
Shiawassee	948	2.24	2.31	2.00	1.59
Tuscola	2667	6.30	3.24	6.90	4.44
VanBuren	652	1.54	0.71	0.56	0.63
Washtenaw	511	1.21	1.37	1.00	0.95
Wayne	28	0.07	0.00	0.00	0.00
Wexford	57	0.13	0.27	0.00	0.00
TOTALS	42305	100.00	100.00	100.00	100.00

APPENDIX C

NON-SIGNIFICANT DIFFERENCES AND ASSOCIATION

APPENDIX C

NON-SIGNIFICANT DIFFERENCES AND ASSOCIATION

Table 19. Distance from farm parcel to larger cities
(n = 816)

Agreement Action Group	Distance to larger city (miles)		F value	Significance
	Mean	S.D.		
Full Termination	23.9	18.48	0.963	.557
Partial Termination	19.8	15.31		
Term Reduction	22.4	15.32		
No Change	20.9	15.05		
Total	21.8	16.08		

Table 20. Distance from farm parcel to smaller cities,
towns or villages (n = 952)

Agreement Action Group	Distance to larger city (miles)		F value	Significance
	Mean	S.D.		
Full Termination	4.6	2.89	0.776	.853
Partial Termination	4.6	2.83		
Term Reduction	4.6	2.75		
No Change	4.9	3.58		
Total	4.7	3.08		

Table 21. Landowner classification of farm parcel location
by agreement action group (n = 965)

Agreement Action Group	Farm parcel location (% of landowners)				chi- square		Significance
	Rural	Dev. Rural	Suburb .	Urban Fringe	Value	df	
Full Termination	69.4	28.5	0.4	1.7	16.3	9	.061
Partial Termination	78.2	19.7	0	2.1			
Term Reduction	76.2	20.0	0.9	3.0			
No Change	79.7	19.6	0	0.7			
Total	76.0	21.9	0.3	1.8			

APPENDIX D
LANDOWNER COMMENTS ON P.A. 116

APPENDIX D

Favorable landowner comments on P.A. 116

- This is a good program, and I'm glad it is available. Without it farmers would be paying more than his share of the taxes.
- P.A. 116 has been a remarkable plan for the past, but with small acreage and urban sprawl it has come to a point where we need to cash in on our land to keep the wolf away from our door.
- It saves the farmland, but I did not like having to pay a fine if you cut a parcel out for your children or someone else. But we also got a tax break so I guess I shouldn't complain.
- Has been a tax saver for us and our neighboring farmers!
- It has been and is a good tool. If it is to be effective long term it will be necessary to enhance the incentives.
- It seems to be a fairly good program.
- It surely was a help in keeping our farm in agriculture, as the farm income was not adequate to pay the exorbitant taxes. But with school building going on, taxes are rising again.
- I hope P.A. 116 will be strengthened rather than weakened as far too much farm land is paved over each year.
- P.A. 116 gave me the chance to farm for 38 years. Thank you.
- Good job done.
- P.A. 116 is a good way to purchase development rights because it requires those who benefit from preservation of farmland pay through the existing state tax collections. Productive land should be targeted and non productive land should be developed.
- I was glad to be in the program. It enabled me as a widow to have most of my property taxes paid.
- It is a good thing.
- It helps save on farm cost. This farm is exactly as it was when I was born.
- Good program, but needs more incentives to help protect the operators. Development pressures are increasing and green and growing areas are important to maintain for everybody.
- I think that it is a good program. When our taxes get back to where they once were it will be of more value than it is right now.
- It is a shame that farmers have to rely on tax breaks to stay in farming. If it wasn't for P.A. 116 I probably would have had to quit.
- Thank you for giving me the chance to get this parcel of land out for my friend to buy. The parcel was not farmed anyway because at one time there was a barn on it. My friend thanks you.
- P.A. 116 is good and should be continued. However good farm land is being taken by developers at an alarming rate. Purchase of development rights won't cover much ground and is too costly there is a lot of ground in Michigan not good for crops but ideal for development. We need a state zoning commission.
- I don't think a lot of bigger farmers would have made it without the tax credit the P.A. 116 gave them.
- The largest obstacle facing P.A. 116 is the transfer of P.A. 116 contracts to the next generation who intends to continue the farm operation. If next generation consists of 4 children to operate the farm - the equal division of land at time of death leaves each child owning 25% of land. 25% land ownership based on each individual child's personal income leave the P.A. 116 program almost worthless, as no tax relief granted. When we asked the DNR how to deal with the transfer of contracts to the next generation, yet maintain tax benefit relief - we were told their

APPENDIX D (cont'd)

was no way for this to be done and maintain same benefit. DNR indicated that when original P.A. 116 contract holder passes on P.A. 116 contract are typically canceled since no benefit remains since land divided amongst children eliminating tax benefit.

-We get along very good.

-Basically it is a good program, we need to preserve our farm ground but the incentives to stay in have been diluted. We strongly believe in preserving our farmland for the future but don't wish to hassle our children with what could be a real burden.

-It has been a good program. I own all my land and farm full time. No outside income, no rented land, and I don't see anytime my income will be enough not to benefit from the P.A. 116. I couldn't stay in farming without P.A. 116.

-You have done a good job at making it less intimidating to talk to your office. You are more flexible when we need help. This is a good program.

-I've been quite happy with 116 and the people at Farmland Division (DNR). However, your questionnaire brings to my attention that I've not had a response regarding my reduction in length request. I imagine that they are swamped.

-It was good insurance for hard times or poor crop years. Contributed to the maintenance of family farms.

-P.A. 116 did me a lot of good during the lean farm years.

-P.A. 116 was beneficial for me to continue farming at the time.

-P.A. 116 seems to be good for farmers and it helps to preserve the farm land.

-I think the idea of saving our farm land is wonderful. I would like to see protection from eminent domain.

-I believe P.A. 116 is accomplishing what it was meant to do to keep good ag land in production and not in scattered housing throughout the state.

-We feel this is an excellent incentive to keep our farmland in agriculture. We also feel our tax credit for agricultural should be larger or soon there will be no productive land left to produce food.

-We have liked P.A. 116.

-Without P.A. 116 we would have been sold out in 1986 or before. It has kept us farming to this point.

-Glad to have the opportunity to be able to discontinue it.

-Good program.

-It is a good program and wish to see it continue.

-It was and is an excellent tool to keep farm land as it should be used and it assisted the farmer when taxes became too high, thus allowing a continuation of the farming operation.

-It was and is a good piece of legislation that really helped us out in the past.

-Mr. Harlow Director P.A.-116 is a fine person.

-I appreciate the early release as I've lost my husband.. and it may help if I'm unable to maintain the home property and may have to sell at some time in the future.

-It helped to keep us in farming thru the disaster years. We've had at least 50% disaster years in the past 10 years. Every other year is bad.

-Dealings with your office was most frightening as I was dealing with an estate without a will. My brother had been despondent and committed suicide. Your people wrote cruel letters until I talked to Jon Mayes I thought I was in the middle of a night mare. He cheerfully assured me that things could be taken care of and then did. That young man is a treasure for you department.

APPENDIX D (cont'd)

- Helped me get my debts paid, after the death of my husband. Funeral expenses and huge property taxes. Taxes at least \$1000 less now, and I have good children that come to my aid so I can live here, my home.
- Thank God for people like you to help us get out of this trouble...
- All agencies have been great to work with.
- A good benefit for two profitable farm operations.
- I think it is a God send for the poor farmer.
- Continue the program because we need to protect farmland from being developed other than agriculture. We can't pay the same price for land as development pays, and to stay profitable in agriculture.
- A great program.
- Do not eliminate program. Farmland needs to be preserved as farm land. Too much is being lost to development.
- P.A. 116 has been a great help in making it possible for me to maintain control of this farm for the last 18 years.
- It has helped us in the hard times farming. You can't make a living farming anymore unless you go big. I'm too old for that.
- This has been an excellent way to pay property taxes in an ever increasing tax area.
- Good program, I hate to see all the housing going into the farm country, but a land owner should be able to build himself on his land.
- Several years ago the city of Marshall attempted to annex the farm property of a man who lives about a mile west of here for expansion of the municipal airport. The above property was under P.A. 116. The city went into litigation with the property owner and eventually discontinued the annexation procedure. The fact that the land was under P.A. 116 was a deciding factor in the decision.
- P.A. 116 has helped me stay in farming. Property taxes were very high. It looks like they are going back up to new highs. Each year the dollars per acre get higher. P.A. 116 was made to keep farmland in farming. I know of no other way better to do this, keep the developers out. You can't eat asphalt. Thank you.
- Good program keep the teeth in it and keep the benefit in it.
- I think P.A. 116 is a good program. I took my building out of the program so I could sell them and keep the farmland. We are retired and will move to town.
- We are very thankful for all the help Jon Mays gave us.
- Seems like they have worked out a lot of the problems with the program.
- A good program! Appropriate input to change is necessary and credible.
- Was a good program but with tax law changes there too much controls with too little benefits.
- It is critical as a statewide conservation tool and should be aggressively promoted as such.
- We think its been a great thing and will keep most of our land in it.
- Without P.A. 116 we could no longer afford to go on farming since 1986.
- Keep the Act going.
- I think the 116 Program is good.
- Has helped many farms to stay in business, especially those near areas of development. Continued efforts should be made to prevent any misunderstandings by participants and non participants as well.
- Real good program. It has helped save the family farm.
- Satisfied with the program
- Useful.
- P.A. 116 was a good program-useful.
- P.A. 116 was a good program, helped out in bad times.
- Good program to maintain farm production.

APPENDIX D (cont'd)

Neutral landowner comments on P.A. 116

- We worry about the demise of the family farm. It is such an expensive enterprise with risks beyond control including deer weather etc. Also we are concerned about the historic farm buildings, large barns, etc. being allowed to age and fall into oblivion. Money spent to maintain these should be tax deductible and restoration should be encouraged.
- The people and businesses with the most money seem to get the real estate and the farmer can't purchase and compete with them for the land and keep it in agriculture --I believe that the development potential reimbursement is probably the most effective approach to keep the good ag land into ag unless it is really justified.
- Should reduce the pay back years, from 7 to 3 or 4 or if you have been in program 20 or more years no pay back at all if it stays in agriculture. Land that is in my area will be in a long time before there will be houses put on it.
- Bought a parcel of land with P.A. 116 agreement expiring in year bought without knowing it was up for termination. Would like to put land back in P.A. 116 with incentive to eliminate lien.
- Since Proposal A was passed a couple of years ago, we have not filed for a refund through Act 116. Now we consider our property taxes as reasonable. If property taxes escalate we will probably use Act 116 again. One other point, we want to continue farming, but with the development in the Birch Run area, it is possible that farming will not be a profitable choice for our family in the future.
- We have taken the area the size of Switzerland out of the prime farmland of Michigan and haven't increased our population one. Switzerland has 10 million people. In all of Michigan we don't have 10 million people. This is ludicrous squander of our food resources but we can get away with it a while yet. There are houses built this summer in fields I harvested the best alfalfa I ever cut, never to grow alfalfa again!!!!
- The rules changed after I signed up.
- Should be some way to buy out of the program if some kind of unexpected development should want the property.
- Drain taxes are getting very high on my farm due to lack of maintenance over last 50 years.
- There needs to be more incentives to keep farm land. Farm being sold to development. Its hard to turn down 5 to 20 thousand per acre for housing. Yes that is bad, we all need to work together to preserve our farm land. There should be more of an effort to sell poorer ground with some type of tax relief for home buyers so they wouldn't buy prime farm land.
- If P.A. 116 were done at 50% of tax bill it would bring more in. I rent a lot of acreage where the owner won't put in because the income is higher from the off farm work and their acreage is too low to get a credit. The way it is now if you don't own a lot of acres and have a low income 116 doesn't help with taxes. Property tax credit should not be tied to income for ag.
- If we in Michigan believe that there is a need for P.A. 116 and want the Ag business in the state to continue, we as farmers need to see the same kinds of incentives that we had when the program first started.
- I think ag changed faster than I thought possible and it saved money at the beginning but later wasn't saving me much so I might as well get out while its not going to cost me so much to get out.

APPENDIX D (cont'd)

- Our original contracts were set up by a previous generation. Not knowing if we would have an option to reduce the years of the contract in the future we felt we needed to act now.
- The rules changed in the middle of the game when property taxes for school was changed. It wasn't nearly as valuable.
- To be in P.A. 116, need bigger incentives.
- I had nothing against P.A. 116. I only wanted to be free to give my children a parcel of land.
- Has been a good thing. A few years back my son was paying over \$30,000 a year in property taxes. Now the taxes are more reasonable. However the profit is about gone for the average size farm - 180 milk cows - 1000 acres workable land etc. Unable to buy new equipment. Very hard for young men to get started. Have option to sell 75 acres farm land for \$7500/acre. I can sell 35 acres wood lot right now for \$10,000/acre. Hate to do this but may be forced to do so to stay in business.
- Land has not been sold as of today (10/31/97). There is still time for the State of Michigan to provide some benefits, as I have received none to date.
- Something should be done to save good crop land. If some one will pay you more for your land than you can make farming as it is now you are most likely going to sell the good crop land. Some day we may not have enough food. It might help if crop land was not taxed.
- Owners of farm ag land are expected to sacrifice more than any other segment of the population.
- I think they should tax on income not on property you own.
- It was a blessing to many farmers but the principle was wrong because of the lien on the farm but without P.A. 116 it was confiscation. So there was both good and bad.
- With the passing of Proposal A in 1994 there is not the property tax burden of prior years. Therefore, very little economic benefit.
- Proposal A has rendered 116 useless. A 3.5% threshold is needed at the very least.
- Since the reduction of property tax, P.A. 116 isn't a good tool - however it could be used for land improvement (drainage, cover crops, right of way improvements). For some reason the banks aren't interested in land covered by P.A. 116.
- Unless something very drastic is done the farm land will continue to be loss to development. The "financial benefits" from agriculture can not begin to compete with developments "financial benefits." Family farms have been poor for so long that even a glimpse of income that can pay the bills and put a dollar in the bank (not to mention the hours of work for nothing) is beginning to be more tempting. Who can blame us, no matter how much we love the land, if we give in to that temptation just simply to survive. Why should we tie our farms to ag programs for less payment than what development will offer us?
- The economics of fruit farming are so poor that I am not sure what would induce me to be positive. The most recent stats of which I am aware show that P.A. 116 reporting something to every farmer enrolled. This says something about both the tax system and the profitability of farms.
- Until farmers are rewarded with prices high enough to keep land in agriculture, farmland will continue to disappear. I still farm 180 acres plus left and will let my heirs worry about that. By the way, 25 acres of this land is most likely to be used for a new elementary school with several right accesses and the school district wanted it badly.
- Ag land that is flat should receive top priority for preservation for ag use. Wildlife habitat should be consider for ag use.

APPENDIX D (cont'd)

- In order to preserve farmland the 5 acre or 10 acre minimum buildable size of land needs to be lowered to a smaller lot size. There are many farms in our area that have been lost to several houses built on 10 acre lots.
- Some rural areas like ours are developing so fast that it doesn't make sense to fight. The growth in property values made it worthwhile to sell some land to reduce debt.
- It should be easier to get out of an agreement in case you have a hardship.
- Right now we have restriction on our farm because of P.A. 116 and we receive no tax credit, however with the increasing property taxes each year there will come a time again when we will need the tax credit through P.A. 116. The 3.5% of household income would greatly help.
- The taxes have changed in the last few years so I really don't get much out of P.A. 116. My son pays cash rent so I really don't know much about what is taking place.
- It's a good program but it can't help keep farmland productive for very long. Taxes are lower and income is higher which really negates the value of this type of land use option.
- If the tax laws would not have changed I probably would have stayed in P.A. 116. But out of all the years I was involved in P.A. 116 I received approximately \$1800.
- When parcel are enrolled for 10 or more years the future of life's circumstances are unknown. I think an annual 30 day window of opportunity to remove all or a part of your agreement should be allowed.
- Sometimes a farmers only profit is evaluation of his property you can't deny him the right to profit from development.
- I do not believe off-farm income should keep a parcel of land from receiving a credit when the land is being preserved and used for farming only.
- We wrote Lansing regarding lowering the years remain on our P.A. 116 agreement but we've not heard back from them. I called and talked to someone in that department - they told me they had a big backlog and were working on it.
- The incentive to keep land for agriculture use needs to be increased. Houses are being built along many rural farm roads. The attitude of the DNR needs to become more sensitive to farmers, not act like a dictator.
- Eliminate the lien. Get taxes for state government from sales tax. Everyone pay fair share that way. Remember KISS. Don't get this too complicated.
- There are going to have to be more P.A. 116 benefits for the program to continue and be effective.
- P.A. 116 is a good program, but letting people out early weakened the program.
- Our ages are high would be a problem to sell off give to our children.
- If the legislature had the intestinal fortitude P.A. 116 would have been unnecessary. Tax reform would have solved the problem. The present formula will put us in the same boat in a few years.
- The agricultural exemption has reduced the effectiveness of P.A. 116 for tax purposes and P.A. 116 is a limitation on the fee simple status of property. The highest and best use the parcels is changing from Ag to rural residential.
- It sure has been helpful in the past, thanks. Also lower the qualifications down to five acres or more.
- Contracts and/or portions of ought to be easier to transfer or amended. I believe protecting farmland is important. If I were to sign up again I would reserve some road frontage and make minimum size contracts.

APPENDIX D (cont'd)

- This will be the 4th year of no benefit to me. I want the option to split the house on 15 acres separated from the rest (65 acres). By a large drain then sell one or both.
- It proved to be very beneficial to us when we first entered into the agreement because we were going thru some very difficult times, but later when things improved the 7 year credit repayment requirement (lien) seemed rather harsh so we chose not to take tax credit for 7 years, therefore eliminating this requirement. We still have 2 parcels in P.A. 116.
- My main reason for going out of the program was hardship caused by a divorce. The land (150 acres) was all I received (25 years married).
- P.A. 116 encourages land to stay in agriculture but I think that giving away all the surplus food has - is - responsible for the over population. Instead of subsidizing food grain going over seas they should tax it.
- P.A. 116 was not a farmland preservation plan it helped low income farmers pay Michigan's high real estate taxes.
- Good program for professional (full-time) farmers.
- The township board of review on an appeal will not take into account that the property around me is being developed to residential and will not listen to reason it keep on raising the assessments. Not fair.
- Wish I had better knowledge to make a decision.
- If we would have been more informed when this came into being. This is not our primary residence. The only reason we are taking the house and lot out of P.A. 116 is to give us the option to sell if we would like. Things are changing out on the farm like everywhere else.
- I think the window of opportunity should be allowed at any time as changes are always happening. Maybe more land owners would enroll if this was available.
- Would like more and up to date information on P.A. 116.
- After the property tax relief bill passed there was not the incentive to stay in P.A. 116 and as hard as it is to make money farming I will have to make it selling lots.
- As long as the differential in value from farm land and development continues to increase it will be hard to keep land enrolled in P.A. 116.
- Farms in P.A. 116 should not be required to have a building or electrical permit by the local governmental body.
- I intend to not receive any benefits the last seven years. I intend to keep it in farm use, benefit is not good if you make money only if you don't the benefit is good. If farmers would make a good profit the farmland would always be in production and not to sell to developers.
- I would like to take a lot out of P.A. 116 for my son to build a home.
- Should be made easier to get some or all land out if the owner sees fit to get out for reasons other than the reason there are now.
- Its no longer any saving in this program for us. I am out of farming.
- We took two other parcels of land each piece in ½ so our children can build a home some day if they want - then if this were to happen the title to the land would be clear - a better rate of interest - also just the opportunity to purchase land.
- Have 3-4 year pay back instead of 7.
- I think we should have a 5% breaking point instead of 7%.
- I do not agree with the requirement to sell 5 acres to some one who wishes to build a house etc.
- Farmers should be allowed to sell lots 1 to 2 acres (not required to sell a minimum of 5 acres). Also, all property should only be sold along road frontage thus saving the land behind house for ag use. Also, a farmer should be allowed a tax break as he cannot control his crop prices against all of his input costs. Farmers should also be given

APPENDIX D (cont'd)

incentives to plant dense fence rows and wood lots on all uncultivated land. Prevent soil erosion and reduce drought potential. P.A. 116 should be renewable on a yearly basis.

-Off-farm income should have no bearing on P.A. 116.

-We appreciate the program - but it will be very hard financially to pay it back.

-When you have a P.A. 116 at least tell the full benefits and keep them the same.

-It was a good program, but needs to be redone to give more incentive (such as sale of development rights) to keep land in agriculture.

-I favor saving agricultural land. I think we should be better steward of our land and other natural resources. I don't think P.A. 116 gives us much of an incentive at this time. Development is taking too much of our good farm ground.

-P.A. 116 is a good thing except for the last 7 years pay off.

-I wish it was easier to get a parcel off for family members not active in farming to use.

-A good idea that didn't work to save farm land. This parcel is part of a 509 acre parcel.

-After we had laid this out so that we could utilize this as an acre the governor changed the rules so we can't use it. Prior to this I divided some land that was not in 116. Upon the recommendation of a real estate agent I sold one party two acres now my neighbors are up in arms because he hasn't grown nothing but weeds until this day. To make two acre lots when they are not needed is just plain foolishness.

-After Proposal A passed I think P.A. 116 should have been revised to give more financial incentive to owners. Right now it binds an owner without any reward.

-It may be a help, but cost plus of raising crops would be more likely to keep young farmers on farm. For one thing old corn 2.65 new corn 2.23 not hard for a farmer to see things like that.

-People and development and farming do not mix well.

-More authority to deal with mistreatment of P.A. 116. More consideration for the participants. I am not in P.A. 116 just for the tax relief. Lets keep farmland in agriculture.

-I want any P.A. 116 contract that sells for development during or after contract expiration to pay back the last twenty years of tax savings.

-Good farm land should be kept farmland. Housing and development projects should only be allowed on poor farmland not just anywhere.

-If continued in farm for seven years after end of contract lien should be waived.

-Smaller percentage of tillable acres required on parcels so that smaller parcels can carry their own separate agreement rather than being required to be combined with other parcels to be eligible for P.A. 116 program.

-We haven't claimed anything on this program, and have no knowledge of any benefits. The previous owner had it enrolled.

-I would like tax forms early in January. First week in January would be nice.

-People should pay more attention to parcel they may want to develop before they sign up. They should also think more about the lien that is placed on their land.

-In section 9 you mention other matters of concern to farmers. The effects of farming should not be considered a nuisance. If you build you house next to the railroad tracks you may be kept awake at night. If you build you house in the country you may not like the aroma!

-Advise people how to break up their farm in 20 to 40 acre parcels, not just one agreement.

APPENDIX D (cont'd)

- Large farm operators buy more land and spend their income to get tax money back. Should be limit on amount they get back.
- It doesn't seem right that the contracts could be changed in 1997, when all parties involved had signed an agreement they should not be easily changed.
- Need more information - say, literature to give me for reference maybe an occasional meeting with a leader of the program: I want to learn all I can as I'm very interested in the program and to help others.
- The legislature had a chance to tie P.A. 116 contracts to the last reduction in property taxes. This was a big mistake and since that time P.A. 116 has lost its advantage as a tax rebate for most farmers. It never had a tax advantage for non farmers (renters). It should not be tied to income and the length of contract should have some bearing on the amount of rebate received.
- We need protection from annexation.
- If the power to be wish to keep the idea of P.A. 116 alive then do away with household income and go just farm or that farmers income. If this doesn't happen then the State is not serious about saving farm land.
- I think the tax credit should be based on 3 1/2% of household income because all other property owners got a lot of tax relief when the takes were lowered, but farmers didn't get any relief. Originally the 7% figure was the average that non farm people paid in property tax, but now that % is lower, probably closer to the 3 1/2% level.
- It was a real good thing when it started I went in 20 years ago then the rules started changing and it gradually got very confusing and more complicated and harder to get out.
- We have been happy with the service and help with information from the P.A. 116 office. It sometimes seems that no one is exactly sure of what to do with our problems. With the liquidation of the farms, the death of the primary owner and the requests made within the window it is pretty hectic, The slow response from treasury could eventually cause us to have problems with purchasers financing our farm house.
- I took the 1 acre out of P.A. 116 to build a new house. For my wife and myself on the farm. We are in our 70's and wanted a parcel with the house clear of P.A. 116. The farm is rented by our son.
- I feel P.A. 116 was a Band-Aid rather than any kind of solution but we really don't expect the government to solve ag problems. Until ag prices reach parity its difficult to make an economic decision to leave land in ag production.
- We have nearly a section of good farm land but if prices don't change the land will be developed for golf course or other use besides ag due to economic reasons.
- I would like to see P.A. 116 cover more of the nuisance complaints and maybe a little more help with local zoning.
- The program should be strengthened. The early out allowance was a mistake. Most of that land was lost to development. We need agricultural security areas if we are going to keep land in the program. No one wants to farm in the middle of urban development.
- We would like to own the farm without attachment from the state. There should be a better way to tax for schools other than assessing farm land.
- With prices for what they are, I need the option to be able to sell my property to anyone and invest in stocks or mutuals when I run out of money farming. I am getting tired of subsidizing farming with off farm money.
- Farmers need property tax relief, but I'm not sure this plan does enough.

APPENDIX D (cont'd)

- I agree with the idea of keeping farmland for growing crops and also agree that there needs to be a tax incentive or lower property tax to agricultural only land.
- Land is tied up - its a farmer's pension or retirement. If I worked for General Motors, I could sell my stock at any time.
- A good idea which didn't work, because small parcels of today any land sells too high to farm.
- It did help in the years when farm land was assessed high and before the Proposal A passed.
- The new real estate tax structure isn't beneficial to me anymore.
- P.A. 116 leaves a lien on your property. I wouldn't have got in it in the first place if taxes were not so high. I bought farms and could not make payments and taxes I do not owe much any more and I am showing a profit and I do not get nothing back. You have to be about bankrupt to get all taxes back!
- We took out on our farm a 20 year agreement: time change. Now I find we should have taken them for 5 years at time due to changes. My son work on our farm I want to take out 2 acres for him to build on. Should be able to make changes in the agreement. With out any red tape, or return of credit received.
- I think it is a good idea, but now my husband has passed away and I feel too many restrictions in case I want to sell part or all of my farm. Also the tax credit is no longer good for me.
- We need at least \$80 or 85 per acre to be able to keep the ground.
- I couldn't afford to get out without a lien on property. I have never used the tax credit, but previous owner did.
- The program was a good program to assist agricultural with the extremely high taxes we were paying. At times close to the highest in the nation. With the reduction in property taxes Proposal A this also was beneficial to agricultural. The problem is the high cost of productions and commodity prices that have not kept up with inflation. No one could be making a living if they were receiving incomes similar to the 1960 and 1970's. Act 116 was a valuable tool for agriculture with the high taxes imposed on ag land in Michigan. Unfortunately, it seem all segments of agriculture have been experiencing such high production cost and such little return for such hard work and long hours that keeping land for agriculture seems fruitless. Thank you for your time and concern in this matter. I hope programs are developed to help younger farmers and beginning farmers to want to continue to farm. I also hope programs are developed to assist the farmers we now have to continue to farm. Agriculture is a risky business.
- It was a very good act before Proposal A. I have over 1000 acres in the act I rent no land and my total income is from farming. It should be a good act. But no more. And I pay .06 cents sales tax to support schools.
- There is no benefit to have P.A. 116 since proposal A passed. My heart is in farming but can't make a complete living off farm income. The cost of machinery, fertilizer, taxes etc. doesn't equal the output. Farmland would preserve itself if it did support itself!! Someday when America's belly goes hungry and you've broke the back of the American farmer and the big corporations have taken over, may we realize that the land should have been preserved for agriculture. This will affect all, not just a few rich developers!!
- Conversion of farm land must be stepped up if we are to save the food arable land from subdividers. The western areas of the nation will run short of irrigation water in the next 50 years. This nation could well be short of food in the next century if we do not act now.
- I would like to see more resistance to the ability to sell off building lots so close together.

APPENDIX D (cont'd)

- Tax ag real estate for its ag value (including the taxable value) and don't infringe on the farmers right to do what they want with their real estate.
- I feel anytime we want to take it out of P.A. 116 after the years we signed up for, we should be able to without being penalized.
- If you let the people out of their contracts the P.A. 116 program doesn't do what it was intended to do.
- P.A. 116 tax credits are not enough to save farm land in Rives and Tompkins townships in Jackson County. Purchase of development rights program must have additional funding to save farmland in this area. Agriculture assessments will increase 39.3 percent in Rives Twp. And 55.9 percent in Tompkins Twp. in 1998 (source Jackson County Equalization Department) -I hope the developers will realize the only way we can keep our land is by having it in agriculture once the developer get control we will never get it back.
- Hope that more farmland can be preserved by the original intent of P.A. 116 to be kept in effect and not changed.
- I question on whether it is worth having in P.A. 116 because I haven't collected on it lately but with property taxes rising it seems in the future it will be worth it.
- We really need to address the problems of urban sprawl. Maybe the tax credit, P.A. 116 needs to be more attractive. Better tax laws to pass the farm land to the next generation also needs to be addressed, as long as it is used for agriculture.
- Benefits no longer outweigh the gains. In order to keep farmland as farmland we need to fund development rights purchasing programs at a much higher level.
- When purchasing property that is in P.A. 116, lets make it law that the transaction cannot take place until the seller obtains the dept. of treasury the lien that has been placed upon the property due to P.A. 116. At this time only the state or selling parties know that amount but are not legally bound to produce that information to the buying party. That amount should be incorporated into the purchase agreement.
- It feels good to be out of P.A. 116.
- We need more rights on the P.A. 116.
- Sometimes the farm programs seem to be in conflict with each other- etc. P.A. 116 to keep land in production, CRP to keep land out of production- All at tax dollar expense-Now development rights a forever thing too long a commitment!! What can I say for sure about the next generations?
- If the public wishes for agric land to stay in that usage pure economics must support it. If land has higher value as development land rather than ag land it will not remain ag land. The economics of agriculture in Michigan are not supporting land costs.
- We need P.A. 116 for farmers to maintain a living.
- Good program when had high taxes-Now no value due to off-farm income.
- PDR by DNR is a better deal than P.A. 116.
- P.A. 116 should allow splitting out lot for family.
- Tried to get a parcel out before but was turned down by the township. So took the whole farm out under the window of opportunity.
- Glad I was in the program, but things changed and no longer advantageous.
- Overall agree with the concept to protect farmland.
- Not much benefit after Proposal A.
- P.A. 116 is serving its purpose - preserving agriculture. Glad for the opportunity to get out of it. Need to have window of opportunity every 10 years.
- It was real good program for the time it lasted. Now can't compete with residential developers.

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-Alright when first started when taxes were high. Proposal A lowered taxes, no benefit now.

-Farm income is down. P.A. 116 has been a tremendous help. Proposal A has been big help. Only place making money is on inflation on real estate. I would like to preserve woodlots.

Unfavorable landowner comments on P.A. 116

-I would never sign up with the government for anything again. When signing for P.A. 116 the 7 year lien and no tax credit was not explained. Not receiving any tax credit for 7 years is a rip off.

-Since the reduction in property taxes two years ago there isn't much point in being in the P.A. 116.

-I am disturbed that it has become so easy to terminate a P.A. 116 agreement. We need to protect the farmland and this was a good vehicle previous to tax reduction and easing of termination.

-The P.A. 116 tax break you get is counted as added income for the next year and you're keep paying tax on top of taxes- go on, on. That's not a break, you give and take back. There is no money in farming anymore, that is why farmers are selling their farm. The expense for repair, seed fertilizer, gas are out of line, for what income a farmer gets. We're tired of working for nothing. The cost of machinery and what we get for a bushel of corn or a steer. The government doesn't care about the farmer they're all city folks that think that all the food comes from the store. They don't know the long hours and hard work it takes. We're losing 2000 or more farms every year in Michigan. We want to live and selling the land is our only income. I guess it will be too late when the government wakes up.

-I am owner-broker of _____ real estate and I have to deal with this program all the time. It is a tough and long process to get a parcel released from the contract. This program would not be such a problem if there was an easier and faster way to deal with changes in P.A. 116 contracts and to let people be able to take their land out of the program if they want to.

-We only plan on selling land or lots that are not good farming land. The only way we could get to this 25 acres of sand hill and pines and brush was to take all the 28 acres out for there will have to be a road to the 25 acres. This should of not been put in the first place for its never grew any crop and at our age, 69 - 74, you have to do the next best thing. At the present time our cash rent doesn't pay for all the property and homeowner insurance. We go in the hole every year.

-I don't think I should have been charged back taxes when I sold the land to my son. He is doing what I did -- all land is for agriculture use like it was when I owned it.

-Farms were lied to.

-Why should a person be required to pay taxes just to get them returned 3-5 months later? Window to remove property at frequent intervals.

-Why should it take so long, we sent our request for partial termination in February we got a letter saying it was being processed about 6 weeks ago.

-I think P.A. 116 is a great idea to save agricultural land. But in my case where I am 65 years old and would like to turn some of it over to the boys to build a house and keep farming I am penalized for doing so.

-I don't think it helps the small farmer with the 7% household exception the small farmer has to have a job in town and or his wife has to work to make a go of farming. Whereas a big farmer gets a better break on P.A. 116 he owns more property and had a better way of limiting his household income by becoming a corporation or other things he can do whereas the small farmers don't get much use out of P.A. 116.

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- The problem is the government has too much control over farm land, because it won't admit it doesn't know or understand, it passes judgments that are unreasonable to the farmer. The universities don't know every thing either - books don't replace experience.
- I have not used P.A. 116 tax credit since Proposal A agreement was past.
- Probably because of late filing of my 1993 P.A. 116 tax refund claim (5-19-97), I'm having no response from Mich. Dept. of Treasury and may have to consult an attorney if I don't receive a response soon. Note: I've reversed my decision to partially withdraw from P.A. 116.
- Had I known all the facts or were all the fact and regulation made known to us at the time we signed up for P.A. 116, I would have done things differently and not placed all of my land into P.A. 116.
- Way too slow to get paperwork so we can set up deal for _____ to finalize purchase. I made first call and letter Dec. 1996 and applied for release of these 2 acres before April 1997.
- Protection from coyotes the DNR turned loose on the farm land. Should put a big bounty on them to encourage hunting. Do not need the wild turkeys to eat more crops. Raccoons and deer do too much damage without anymore animal turned loose.
- Right now I don't understand their 7 year pay back as they want 945 dollars for one acre if the taxes were around \$20.00 per year how can they come up for seven years with that amount of money.
- I have not yet heard from the Treasury Dept. on what amount I must pay.
- Why does it take so long to get something done with State Departments.
- None other than how long it takes to enroll a farm. Also a lot more time and hassle then necessary.
- Should be more people who know something about it so as could answer questions asked by people. We found very little help or knowledge when we needed some things answered when we wanted to build our new home.
- Should have true property tax relief instead of turning into a income tax.
- If we could get out of P.A. 116 without having to pay it back. We never knew any thing about having to pay it back or we would not have signed up.
- The initial information on P.A. 116 was very poor. Most farmers did not know this was a deferred tax-that the tax credit for 7 years must be repaid. We do not receive tax refunds in a timely manner.
- I never received notice that my original agreement has been reduced to the last 7 years. I requested this change earlier this year.
- Quit changing the tax code if you want P.A. 116 to work.
- When P.A. 116 first came out people were told how great it was and they signed themselves up for something they had no idea what there were getting into. Most people were told to sign up for the maximum years because this program would not be offered in ten years down the road.
- In my case P.A. 116 turned out to be more of a liability than an asset.
- Nothing. I just don't want no part of it.
- Don't get in it unless you read and understand all the fine print!!
- Stop the P.A. 116 program now. Farmers can run their own land. Your program doesn't do anyone any benefit except you. We cannot live on \$20,000 income and pay taxes so we cannot farm we must leave it for a large producer. My farm will lay idle before I get into another program from the state such as this. PS: many farms are being sold to pay back taxes. Check the papers in the state at tax sell time. I do not need to tell you your business you know this already. If you wish to help farmers and keep farmland farm land, just increase CRP for more money and longer amounts of time. We would never sell and it would not be developed; but this cost you money and not us so it cannot be done. We need money to make a living like normal people - so some farms are being

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sold - because of lack of money. I must work two jobs for my life time to pay for cost of land, interest on loan, taxes of land, income per acre. No profit in my lifetime on land. Check it out, the truth in farmland, we love farmland, are the living proof.

-Drop P.A. 116 all together. Just give us fair taxes. The day farmland is same price as land development, farmland will stop going to buildings and houses.

-To get credits back always you have to be in debt, no income. Should life be that way - no one cares about that farmer - all they want is cheap food from our hard blood sweat and tears.

-Too hard to get a full understanding of all rules and regulations. Too many department and people making decisions.

-This is a useless program.

-It was not what we thought we were agreeing to 15 years ago.

-It was never presented to participant that a lien would be applied against your property. It was supposed to help the farmer in a poor year, but putting a lien against the farm is of no help in the end result. The program I fell was grossly misrepresented. We hired two attorneys for \$150.00 per hour (one in Holland, one in G. Rapids) at two separate occasions. Neither could tell us what the program was.

-I really feel P.A. 116 is obsolete as there are very few farmers who qualify. I do not feel the land in the program is continuing to be "farmed land" if the owner chooses to sell for other than farming purposes because of the money per acre is more profitable.

-I believe we were misinformed. I don't think it help on taxes like they said it would at all.

-When we originally signed up for P.A. 116 we were told at local meetings there would be no lien on the land, thus we got off to a bad start. P.A. 116 will not work for people who make more than a few thousand dollars per year and as long as liens on the land exist.

-Changed rules after we were in P.A. 116. Would have never went into it if we had known.

-When we signed up for P.A. 116 there was no mention of a seven year lien but it showed up afterwards.

-Putting a lien on farmland will not preserve it for future farming but will force it to be split up to pay off the tax debt.

-I have never received my P.A. 116 tax credit to this time tax return was filed March.

-When we were financially strapped and almost lost the farms we chose to sell the two extra houses. Each were in P.A. 116. By the time we paid back all the years from the beginning of sign up (not just 7 years) plus interest - there was little left to survive on. Therefore, we took it out during this window of opportunity in case of hardship again. I still believe we should be reimbursed the \$ prior to the 7 years. All the property that was farmed remained in farming. We only sold because it was the last resort to keep our farms and continue farming.

-As of today there is little benefit to be in P.A. 116.

-Our son has been trying to enroll some of his acreage in P A 116 for approximately one year. Very many difficulties and postponements have occurred due to numerous red tape glitches with the various agencies involved. Would prefer to see a simpler system for approval of application.

-After I got property I was real unsure of how to get out without paying penalties. They were not very helpful anywhere I went. There was no understanding of what was going to happen when program was ending. Most of older folks didn't understand that this was a no getting out at end of contract. Still I am not sure if any one knows of what's going on.

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- It is too demanding in what the owner can do with it. I have some grand children who like to live in the area, and I found out after had signed up that I could not give them some land.
- We discontinued farming in 1993. Banks refused to lend moneys to prospective buyers on three separate occasions siting P.A. 116 as the reason.
- I think it should be stopped. Waste of tax payers money.
- I was strongly involved with Mich. Farm Bureau which strongly supported this act, when P.A. 116 was introduced. I supported it promoted it and enrolled when it became available. Since that time I have seen the act handled differently than how it was presented. This is why I say I don't know what the future holds and that I have a lack of trust in those that control these programs.
- It was one of the worst decisions we ever made.
- No body seemed to know the answers to my questions on the county level. The only person who had any answers was a lady at the state income tax office, by phone. And I have waited on hold from ½ to 1 hour.
- As a non-farmer owner of agricultural property the program was not designed to be a benefit making the use restrictions the only impact that being negative.
- I have no received the paper work to reduce the parcel to the 7 years. When will I receive this info?
- Eliminate pay back if land is kept in agriculture. Farmers were forced into P.A. 116 by the over taxation they paid for years. Proposal A aided the fairness in property taxes but Michigan is still one of the highest in the country. The penalty looks like greed on the State.
- I always had trouble getting the form MI 1040 CR5 so I quit sending it in about three years ago. As my income rose the credit became too small. As my age increases I may want to sell my house and land separately. My understanding was if I didn't get out this year I wouldn't be able to later. As for P.A. 116 I don't think it is doing the job we thought it would.
- It took us 6 years to get a piece of land straighten out for P.A. 116 but before it was done our congressman had to intervene for us. The Farmland Agreement would not do anything for a little framer like us. Only when the congressman write did we get any action . We mean nothing to them.
- ...We want no more P.A. 116.
- It takes forever to get anything done at the Farmland Division in Lansing.
- Eliminate Farm P.A. 116.
- With school tax reform we have little relief with P.A. 116 and we still live with all the restrictions of P.A. 116.
- I was not told that I would be penalized at the end of my contracts (repayment). There is no incentive to keep our farm in agriculture for our children. We have worked 365 days a year to maintain our country side and have received nothing but regulations and tax bills.
- I am very disappointed with any inquiry I made regarding P.A. 116.
- Dept. of treasury the last two years has held up refund because the auditor count not read property descriptions. There was no reason for the question according to DNR. But the whole process took over a month. That was only because I took a very active roll in calling DNR and Treasury t resolve the question. There was no change form the original claim. Just a lot of head ache for the taxpayer. I am not the only taxpayer that has had this problem. I have talked to many other taxpayers in the area and they have had the same kind of problem. To us as taxpayer, it looks like the State is trying to make things difficult for us so we will say that we don't need the hassle and get out of the program. I hear these comments because I'm the local treasurer.

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- All I have is regrets. My husband died June 20, 97. I have twenty acres wood land that I would like to sell and I'm told by the bureauacy that If I work hard and approach many offices, I may be lucky to release it within a year...
- The program is flawed for high income farmers. The program is too restrictive for divorce situations.
- Very slow results from State of Michigan with any questions, returns etc.
- It is difficult to understand issues around it.
- They do their work like all gov agencies too late and too slow.
- Real poor communication problems with State Agencies, can not solve problems with one way communications. So I've decided to stop using the credit and will start developing.
- I am disappointed that after we have paid the taxes on a certain parcel for seven years after the agreement has expired that we still have to pay the seven year credit repayment.
- When P.A. 116 first came out everybody wanted in it. Everybody got in it. The price of land development went (sky high). Now the older farmers are retiring and doing anything possible to get out and sell lots off to make their money and P.A. 116 is letting them. So much for only being able to buy land as farm land
- Owning 80 A in P.A. 116 and selling 10 59 40 acres lots is still splitting up farm land that when I signed the contract, I thought couldn't happen.
- I have spent my lifetime buying parcels of land and putting them together to make nice workable fields. I have spent my life and hundreds of thousands of dollars to clear and irrigate this land and make my dream come true. I hate the thought of some agency coming in by eminent domain or some other cause and chopping up my farm. I don't think my operation could be replaced anywhere close to the area.
- My wife's a teacher - her salary should not be included in the farm's gross. It is very unfair.
- P.A. 116 was all right when I could work it myself
- I think tax assessments on land in P.A. 116 should not be uncapped when passed on to heirs if left under contract or signed up under a new P.A. 116 contract. This should include land that is not under contract at the time of inheritance but subject to uncapping then removed from P.A. 116
- What actual impact has it had on family farm preservation or productivity? So many selling their tools and many acres going into development.
- Stop farm ground from being sold for housing development next door.
- When P.A. 116 was first started it was a good incentive to keep farm hand in agriculture. It don't now.
- The urban sprawl is getting out of control (still taking valuable farmland out of production.)
- Faster refunds on income taxes
- Faster sending out yellow forms for income taxes.
- Quit paying income taxes on rebates/refunds. This is our money that we've already paid income taxes on and we shouldn't have to pay income taxes on it twice.
- The only reason we're into this program is that the farmer's are forced into it because of high property taxes. (Sure they went down once, but they've been going back up every year since.)
- Would like to have the opportunity to transfer house and 1 acre of land out of P.A. 116 to son without penalties or reduced. Missed last years opportunity. Will there be another opportunity in the near future?
- did not have a choice before proposal A

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- I feel it should not be so hard to make changes, even if it was every 2 years or so.
- We think that if you want to lower the payments your paying out you should leave it open like last year to let them get out when they wish but would have to pay the seven year penalty.
- I don't think I would renew a contract with P.A. 116
- Would appreciate information direct, rather than having to read about it in papers or magazines.
- Many farm owners cannot build a new home include it in P.A. 116 because of the lien. Should be a way of not showing a lien on this property.
- I would like to see wood lots that are owned by farmers that are not classified Ag land become part of the "Agricultural use" definition Sec. 2. (1) act No. 116 of 1974. This would help keep such property from being developed.
- This program never helped us financially because our household income was always too high to qualify for tax credit.
- The tax credit for some years has been very useful. But the permanent hold on the property is not acceptable.
- I would like to see more purchase of P.A. 116 land by state for development rights I think most of us would take half or more off development rights prices to help state acquire more land.
- Get rid of the lien portions of this contract!
- Allow us more individual choices when it comes to each parcel of land we own -and try to eliminate some of the paper work and red tape we have to go through! Thanks.
- In 1990 when the parcel was needed for flood control and sold to the drain commission why was it impossible to get the parcel out of P.A. 116 so the Drain Commissioner could have a deed without a lien. It was very frustrating at that time and last year I was told I should have been able to get it out without using the open season.
- None- except I am having a difficult time with the paperwork have not received survey release of our house and 3.2 acres from last April 1997 Called Mr. Harlow said was sent out going to trace it a month ago. Have not heard yet.
- This act was supposed to HELP the farmer, not hinder him. P.A. 116 includes too much paperwork - the average farmer does not understand. What a bunch of red tape!
- Its too complicated for most people to understand and seems arbitrary in its administration.
- I believe government already has too much control of private owned land.
- We feel the DNR should have less control in our government.
- The reason I took it out is I didn't like having it tied up. And I wasn't getting any thing out of it.
- When it was presented 10 years ago, there was no mention of termination conditions. We therefore enrolled for 99 years. If we had known we would have enrolled for a shorter period of time. Now that the Homestead credit and Proposal A are in effect, P.A. 116 has no value to the farmer.
- At the rate land is being developed, a more flexible program that is of benefit to the farmer not the state alone, needs to be implemented. Why keep land in a program that does not benefit many of us, when you can sell it and make money far above normal farm income.
- Not worth the paper it is written on.
- We never had accurate facts on the agreement from the township and county officials. We were told to sign up for as long as you can and no problem on getting out of the agreement. Then we realized what a hardship it put on us with the properties being of no sentimental value. What a hassle or hardship it would put on our children and our children's

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children having signed for 99 years. Was just glad to be out of it! I don't like restrictions on something I own.

-I receive no benefit from P.A. 116 on my taxes and for several years there was no motivation to remain in the program considering all the restrictions involved.

-We were given bad advise on termination of P.A. 116. If we had known we could have split only 5 acres that is what we would have done. It cost us over \$5,000 to take out the whole farm which if we had known better we would have left in P.A. 116.

-It has been almost a year since I sent the paperwork to get 1 acre split out and reduce the other parcels to 7 years. I haven't heard a word from the DNR.

-If you want to preserve farmland, then offer some meaningful incentives. This was a poor attempt at tax relief to begin with and currently there is nothing here to make me want to stay with the program.

-Speed up your operation in Lansing. It took us over 6 months to get something straightened out.

-This program, as it is now, does not benefit the smaller farmer, < 100 acres, plus the extra \$ for tax preparations due to paperwork, when the same amount of tax refund would be received without the P.A. 116.

-Proposal A saved government a lot of money and did nothing for Ag except cost them 2% more in sales tax. They still pay 7% of income in property tax. Do you really think farmers are so stupid?

-We have received nothing from P.A. 116 since Proposal A was passed and became effective.

-Proposal A lowered the benefit of 116 to half. The state and townships circle tax (taxing agr land in P.A. 116 surrounding developed land) by 4 times its agr value has to stop. Development and agr will not coexist.

-I do not like the lien payback.

-People getting out of P.A. 116 is not fair. People are cutting out small chunks of land, P.A. 116 did not eliminate this problem.

-Started out as good deal, then amendments changed the rules-not fair. No telling what change will be next. Lien could go to 50 years.

-Do not like the 7 year lien.

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