

Enhancing Farmland Preservation Programs with Act 4

Act 4 of 2006 amended Act 442 of 1967 (Open Space Lands Act) and Act 153 of 1996.

Properties that are Eligible for a Property Tax Millage Freeze¹

Act 4 permits the governing bodies of counties, municipalities and school districts to exempt the following categories of real property from further property tax millage increases:

1. Real property in which open space interests have been acquired by a local government unit in accordance with Act 442 (examples: farmland, forest and wetland conservation easements).
2. Real property subject to Agricultural Conservation Easements acquired under Act 43 of 1981 (Agricultural Area Security Law).
3. Real property from which Transfer of Development Rights (TDRs) have been transferred and retired by a local government unit without their development potential having occurred on other lands.

Act 4 Implementation

The short and long term fiscal implications of Act 4 millage freezes should be considered before implementation by county, municipal and school district taxing authorities.

All three local property taxing authorities (counties, municipalities and school districts) must approve Act 4 for eligible property owners to benefit by obtaining a millage freeze. Counties and municipalities approve Act 4 ordinances and school districts approve Act 4 resolutions.

County farmland preservation offices send copies of recorded deeds of agricultural conservation easement to municipalities and school districts to identify the properties that are eligible for millage freezes.

Benefits of Act 4 Implementation

1. Creates a new **financial incentive** for farmland owners to preserve their farms. Limits on property tax increases will help preserved farm operations to remain profitable.
2. Shows the owners of preserved farms that counties, municipalities and school districts are all supportive of the **long term viability** of their farm operations.
3. Preserving land helps to **keep property taxes down** for all tax payers by reducing the costs and needs for future government services (school, infrastructure, law enforcement, fire protection costs, etc.).

¹ Act 4 does not freeze the assessed values of properties.