



NEWS RELEASE

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New law eliminates “pop-up tax” on conservation land

Biggest boost for private land conservation in decades

December 12, 2006, Lansing, MI A powerful new incentive for private land conservation was signed into law last week by Gov. Jennifer Granholm, eliminating the “pop-up tax” on the sale or inheritance of land covered by qualified conservation agreements and allowing families to pass down property without a huge tax bill.

In the past, property taxes on conserved lands, like developed lands, rose significantly even though their development is permanently limited. This created a disincentive for landowners to enter into conservation agreements, also known as conservation easements. To afford the higher taxes, new landowners needed the option of developing the land. The new law, Public Act 446 of 2006, prevents the taxable value of the conservation property from “popping up” to the state equalized value (SEV) when it is sold or passed on to family. This means that both current and future landowners have a strong incentive to keep the affected lands intact with habitat, environmental, and scenic benefits.

“This is a huge step forward for private land conservation in Michigan,” said Tom Bailey, chairperson of the Heart of the Lakes board and executive director of the Little Traverse Conservancy. “It will mean that many thousands of acres of privately owned land in our state will be protected from development.”

The result of more than a year of legislative effort by Sen. Michelle McManus (R-Lake Leelanau) and Rep. David Palsrok (R-Manistee), the law also eliminates the pop-up tax retroactively for lands that have been covered by conservation agreements since the cap on property taxes was put in place by Proposal A in 1994.

“This is good public policy. It’s also a proper trade with local governments. As long as the lands affected by this law remain undeveloped, and under agreements that are irrevocable, they generate no demand for additional services. In fact, they provide benefits at no cost to local governments,” said Brian Price, a Heart of the Lakes board member and executive director of the Leelanau Conservancy.

Residences and buildings on land covered by the law will still be subject to reassessment to the current SEV, but it gives conservation property the same tax treatment as protected farm land.

Founded in 2004, Heart of the Lakes is a voice and convener for the common interests of Michigan’s private land conservancies, one of the most respected groups in natural resources protection today.

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