

# Principles and Recommendations for Land Resource–Based Industries (Draft)

Michigan’s land resource–based industries of agriculture, forestry, tourism and recreation, and mining account for almost \$63.2 billion (29 percent) of Michigan’s economic output, contribute immensely to the character of Michigan’s landscape, and supply many products that sustain our quality of life. For example:

- Agriculture and food processing contribute \$15 billion directly to Michigan’s economy and another \$22 billion indirectly through support and related services.
- Tourism accounts for 350,000 jobs and \$12 billion.
- In many areas, development of open spaces is altering the character of Michigan’s rural landscapes, which jeopardizes a highly valued tourism asset.
- Forestry provides 150,000 jobs to Michigan citizens and \$9 billion to its economy.
- Twenty-one minerals are mined in Michigan and the nonfuel sector of the industry provides 9,000 jobs and \$1.6 billion to the economy.

Land use decisions and development patterns have a significant impact on this important sector of Michigan’s economy. A 1995 Michigan Society of Planning Officials publication, *Patterns on the Land: Our Choices—Our Future*, explored the long-term productivity of these land resource–based industries and concluded that their future may be at stake if current land development trends continue.

The Michigan Economic and Environmental Roundtable and Public Sector Consultants Inc. followed up on the 1995 study with the Michigan Land Resource Project (MLRP)—a project that examined how land use trends will affect the state economy and character through 2040. The researchers found more than an eightfold increase of urban land usage in relation to the population increase between 1980 and 1995. This ratio epitomizes the problem of sprawl: the amount of land we are using is not commensurate with our population. In addition, as shown below, developed land is expected to increase by 178 percent by 2040.

<b>Class of land use</b>	<b>1980 (Millions of acres)</b>	<b>2040 (Millions of acres)</b>	<b>Change</b>	<b>%</b>
Agriculture	11.0	9.1	–1.9	–17
Built	2.3	6.4	+4.1	+178
Private Forestland	18.2	16.9	–1.3	–8
Other Vegetation	2.9	2.2	–0.7	–24
Wetland	1.8	1.4	–0.2	–10

Among other major findings of the report:

- Michigan will lose 25 percent of its orchard land in the next 40 years.
- Michigan will lose 1.9 million acres of farmland in the next 40 years.
- Land available for hunting will dramatically decrease, while “edge” species such as white-tailed deer will continue to increase in numbers.

- “Built” land will increase by 4.1 million acres across the state, more than tripling the existing amount of “built” land.
- The state’s destination resorts, particularly those in the northern lower peninsula, are threatened by encroaching development that conflicts with the rural character along the travel corridors that lead to them.
- In order to keep forestry harvesting costs down, access to large parcels is necessary. As the land becomes more fragmented, the price for harvesting Michigan’s timber will increase.
- Mining, agriculture, and forestry are unable to compete with the value of the land for other uses, and large contiguous parcels are being fragmented into smaller, less-economically viable blocks.
- As now-rural areas become more populated, there will be further confrontations from residents who are unfamiliar with the companies or family farms that gain their livelihood from the land, and with industry practices and procedures.
- Transportation costs associated with moving construction materials greater distances will dip into the profit of mining operations.
- For all of the land resource–based industries, the geographic distance between supporting industries and businesses makes it even more difficult to conduct business.

These land resource–based industries rely on Michigan’s natural environment. Sustainable use of Michigan’s lands, including economic growth and enhanced human well-being, requires a continued flow of services from both the wild and human managed ecosystems of the state. These ecosystems provide many critical services including water purification, groundwater recharge, flood mitigation, local climate moderation, and pollination. They are the basis for forestry, agriculture, and tourism and recreation. Biodiversity, which refers to the variety and abundance of life in an ecosystem, is critical to the ability of an ecosystem to provide these services. Land use decisions are usually incremental and are a result of tradeoffs between environmental and other goods. Thus, land use decisions need to be made in a context that recognizes the value of these systems.

Michigan’s two peninsulas are surrounded by four of the five Great Lakes. The state’s Great Lakes shoreline, its rivers, inland lakes, and diverse land resource–based natural habitats support a complex array of interrelated plant and animal communities that contribute to the quality of life that attracts residents and millions of travelers, who recreate in our state. The state’s ownership and management responsibility for 25 million acres of Great Lakes waters creates a major stewardship role for Michigan in preserving the ecological health of this unique national and international resource. What happens on the land is a major factor in determining whether individual components of this complex system will remain healthy, to sustain the uses and quality of life for present and future generations.

Generally, land use trends in Michigan over the last half-century have had a major negative effect on biodiversity, primarily through the urbanization of land and the attendant destruction of habitats far beyond the need to support human population growth and a prosperous economy. New approaches are needed to better protect biodiversity in

Michigan. Examples include (1) government/private sector partnerships that identify and protect critical habitats and important biological processes while allowing productive uses of the land, and (2) holistic ecological evaluations to assure that long-term impacts associated with biological diversity are considered.

Preserving the integrity of natural systems has intrinsic value, but in many demonstrable ways it is essential to the quality of life of Michigan residents. In formulating its recommendations for Michigan’s land resource–based industries, the council established the following guiding principles that address policies and practices of government.

### **GUIDING PRINCIPLES (AS IDENTIFIED BY THE COUNCIL)**

- Michigan’s land resource–based industries—agriculture, tourism, forestry, and mining are critical components of the Michigan economy, shape the character of its landscape, and contribute to the state’s overall quality of life.
- The value and diversity of all Michigan’s land resource–based industries and related services should be protected and enhanced.
- Land use decisions should ensure that the natural resources of Michigan are sustainable to meet the needs of future generations.
- Biological diversity and ecological processes are vital to the state’s economic prosperity and provide a measure of a healthy environment that should be considered in decisions affecting land use.
- State and local policy must recognize that fragmentation of the landscape can have profound negative effects on forestry, agriculture, and tourism. Forestry and agriculture require large blocks of land in which to operate, and tourism often benefits from landscapes with significant open space.
- Planning for the future of those industries is just as important as planning for industrial, commercial, and residential development.
- Open space, view corridors, the environment, fish and wildlife habitat, viewsheds, and other natural resources have intrinsic, social, and economic value and should be protected and enhanced.
- The concept of “working lands” conservation programs that encourage landowners to protect environmental assets while continuing to use the land for productive purposes is an effective means to preserve valuable components of the natural environment.
- Air and water quality are essential to protect public health and welfare and contribute to the attainment of sustainable economic and quality-of-life goals.
- Michigan’s land resource–based industries are often interdependent, with agriculture and forestry contributing enormously to the tourism industry in the state. State policy should reflect that interdependence.
- The most cost-effective land use policy is to encourage preventative action to avoid the degradation of sensitive land and coastal and aquatic environments, rather than attempting to repair or restore degraded natural resources or systems.
- New environmental policies are needed to emphasize prevention and incremental environmental degradation of natural resources that are not addressed by existing

environmental statutes, which often focus on “end of pipe” pollution reduction goals.

- Foster the use of the best scientific information, experience, and management practices available for ecologically sustainable land use and development of natural resources.

## RECOMMENDATIONS

The council recommends the following actions to foster the continued health of Michigan’s land resource-based industries:

### *Information and Education*

1. **Improved data collection, analysis and access.** Information is an invaluable tool for local planning as well as for understanding changes in land use over time and the effects of those changes on Michigan’s land resource-based industries and the environment. In an effort to provide more information to decision makers:
  - a. The state should complete its natural features inventory and update its 1980 Michigan Resource Information System (MIRIS) data by completing a new round of aerial photography and land classification on a statewide basis.
  - b. THE STATE SHOULD DEVELOP A STATEWIDE HISTORIC RESOURCE GEOGRAPHICAL INFORMATION SYSTEM (GIS) DATABASE TO ASSIST COMMUNITIES IN PLANNING AND TOURISM EFFORTS AND IN THE MARKETING AND DEVELOPMENT OF HISTORIC PROPERTIES AND DISTRICTS.
  - c. The governor and the legislature should support research, development, and training at Michigan’s universities to develop and deploy new technologies for monitoring and analyzing the state of Michigan’s environment. Developing and producing these monitoring technologies can be a profitable and stable business enterprise for Michigan’s universities and manufacturing industry.
  - d. A “State of Michigan Land Use and Environment” report should be prepared periodically by the governor, ~~with care taken not to place an undue burden on state agencies.~~ THE REPORT SHOULD INCLUDE, BUT NOT BE LIMITED TO, INFORMATION ABOUT THE AMOUNT OF FARMLAND IN ACTIVE PRODUCTION (INCLUDING DIFFERENTIATION IN SIZE OF FARM), THE AMOUNT OF FORESTLAND IN ACTIVE PRODUCTION, THE CHANGE IN LAND COVER AND ADDITION OF “BUILT” LAND, AND THE IMPACT OF HIGHWAY EXPANSION AND THE GROWTH DIRECTLY ATTRIBUTABLE TO HIGHWAY AND ROAD EXPANSION.
2. **Information and outreach.** The governor and legislature, through Michigan’s organizations and educational institutions, should support public research, information, and education programs for the general public and policymakers that:
  - a. Identifies the importance of the natural environment and how it contributes to economic prosperity and the quality of life of all citizens
  - b. Outlines specific actions to help sustain biodiversity

- c. Explains the role and value of wetland, natural river, and sand dune protection and other state environment land use programs in protecting and enhancing natural environments

### ***Agricultural Production Profitability and Associated Land Preservation***

3. **Agricultural security areas (ASA).** The legislature should modify and enhance PA 116 to permit local units of government cooperatively and voluntarily to identify and establish ASAs in the state. ASAs should have a minimum life cycle of 25 years and be of sufficient size to assure that agricultural activity is maintained for the foreseeable future. They should provide incentives to landowners to keep their land in agricultural production. Incentives should include:
  - o ~~Enhanced right to farm protection~~

- a. Reduced property taxes on farmland within an ASA while enrolled
- b. Enhanced eligibility for purchase of development rights (PDR) funding
- c. Exemption of farmland from special assessments as long as it remains enrolled and in agriculture. This exemption would not apply to drain assessments
- d. Exemption of farmland from real estate transfer tax as long as it remains enrolled and in agriculture

ELIGIBILITY FOR THE ABOVE LISTED ASA BENEFITS SHOULD BE CONDITIONED ON ADHERENCE TO STATE AND FEDERAL ENVIRONMENTAL, PUBLIC HEALTH, AND OTHER RELEVANT LAWS.

IN ADDITION, THE LEGISLATURE SHOULD AMEND THE EXISTING RIGHT TO FARM LAW TO INCLUDE A REQUIREMENT THAT POTENTIAL AND CURRENT RESIDENTIAL PROPERTY OWNERS WITHIN AN ASA BE NOTIFIED OF THE CONSEQUENCES OF OWNING PROPERTY IN SUCH AN AREA (I.E., LIVING NEAR AGRICULTURAL OPERATIONS) AT TIME OF PURCHASE AND IN THEIR ANNUAL TAX BILL.

In the absence of ASA, the legislature should enable use value assessment, ALONG WITH A MEANINGFUL RECAPTURE PROVISION, of land in active agriculture or silviculture, OR ANY DEVELOPMENT-LIMITED LANDS (AS DEFINED BY STATUTE), SUCH AS WETLANDS, SAND DUNES, FLOOD PLAINS, AND WELLHEADS.

4. **Purchase of development rights (PDR).** Funding available for the state's current PDR program is inadequate. Interest from farmers far outstrips available funding. The program is in need of a dedicated funding source beyond that currently provided under PA 116. ~~Options the legislature should consider include:~~
  - o ~~A statewide bond~~
  - o ~~Fees or taxes~~

5. **Transfer of development rights (TDR).** See Planning and Development Regulations section.

6. **Viable value-added agriculture.** The ability to add value to Michigan agricultural commodities and agricultural land will continue to be key in keeping farmers profitable and farming sustainable. THE STATE SHOULD CONTINUE TO SUPPORT incentive-driven, value-added programs to increase the profitability of farmers and thus preserve farmland. Examples include:
- a. Invest in on-farm technical assistance, education, and technology
  - b. Expand direct farm marketing and agricultural tourism
  - c. Support export market expansion
  - d. Provide support to the food processing industry
  - e. Promote programs assisting young farmers
  - f. Pursue development of nonfood bio-based industries such as ethanol
  - g. Pursue utilization of wind power and other renewable energy generation options by establishing state siting standards

IN ADDITION, THE STATE SHOULD DEVELOP NEW VALUE-ADDED PROGRAMS AND OTHER ECONOMIC STRATEGIES THAT INCREASE THE PROFITABILITY OF FARMERS.

#### ***Forest Products Industry Profitability and Associated Land Preservation***

7. **Commercial Forest Program.** The council recognizes the importance of the millions of acres of commercial forestland enrolled in the state's Commercial Forest Program and supports the development of an updated formula for determining the appropriate tax rate (which is currently being developed by the forestry subcommittee of the Forest Products Council). PENALTY PAYMENTS FOR WITHDRAWING LAND FROM THE COMMERCIAL FOREST PROGRAM SHOULD BE REDIRECTED TO THE PRESERVATION OF FORESTLAND BY ESTABLISHING A STATE FUND TO PURCHASE WORKING FOREST EASEMENTS USING SUCH PENALTY MONEY, AS HAS BEEN DONE WITH PENALTIES UNDER P.A. 116 FOR FARMLAND PRESERVATION.
8. **SMALL ~~Private~~ Forest TAX INCENTIVES ~~Reserve~~.** ~~The legislature should consider providing incentives to private woodlot owners, particularly small woodlot owners that allow recreational opportunities on their land, to enroll in certified and active management of those woodlots under the Private Forest Reserve.~~ PROVIDE TAX INCENTIVES TO SMALL, NONINDUSTRIAL FORESTLAND OWNERS TO ENCOURAGE LAND TO BE KEPT IN AND MANAGED PRIMARILY AS FORESTLAND. THE LAND WOULD BE REQUIRED TO BE MANAGED USING BEST MANAGEMENT PRACTICES UNDER A RECOGNIZED MANAGEMENT PLAN. THE INCENTIVES COULD BE PROVIDED BY:
- a. AMENDING THE GENERAL PROPERTY TAX PROVISIONS TO INCLUDE FORESTS AND TREE FARMING AS AGRICULTURAL LAND
  - b. AMENDING THE PRIVATE FOREST RESERVE PROVISIONS TO PERMIT TWO-TIERED TAX TREATMENT DEPENDING ON THE LANDOWNER'S WILLINGNESS TO GRANT PUBLIC ACCESS

9. **State forestland management.** State policies should support viable forest products and forest-based tourism industries. The four-million-acre state forest system should support these industries through appropriate ecologically sustainable management that increases the outputs of timber and recreational opportunities.

### ***Natural Environment***

10. **Conservation Reserve Enhancement Program (CREP).** The state should work to expand the federal/state partnership under the CREP. The program, which pays farmers to establish and maintain buffer strips along watercourses, has proven to benefit farmers, wildlife and wildlife corridors, and water quality. It is currently limited to granting opportunities to the Saginaw Bay, River Raisin, and Lake Macatawa watersheds. Expansion of CREP would enable Michigan to leverage federal funding at a minimum ratio of 4:1 for the life of the federal farm bill. Options for meeting the state's match requirements would be to:
  - a. Increase hunting and fishing license fees and establish a "conservation fund" within the Department of Natural Resources to provide the necessary match
  - b. Put a statewide bond measure on the ballot
11. **Coastal conservation and waterfront redevelopment.** Establish statewide policies ~~and conduct further research (studying states like California) for policies that~~ prioritize shoreline protection **IN CONCERT WITH** compatible waterfront development and redevelopment ~~that focus on maintaining~~ **WITH EMPHASIS ON** MAINTAINING HABITAT, viewsheds, public access, and recreational uses.
12. **COASTAL RESOURCE PROTECTION. SUPPORT AND EXPAND STATEWIDE COASTAL RESOURCE PROTECTION POLICIES, INCLUDING ENHANCED ENFORCEMENT MECHANISMS. IMPLEMENT COASTAL CONSERVATION RECOMMENDATIONS MADE AVAILABLE THROUGH CURRENT AND EMERGING SCIENTIFIC RESEARCH. POLICIES SHOULD BE CONSISTENT WITH COASTAL ZONE MANAGEMENT PRINCIPLES AND OVERALL ECOSYSTEM PROTECTION OF THE GREAT LAKES BASIN.**
13. **Protect headwater areas.** Headwater areas play an important role in water quality downstream and are important to the sustainability of Michigan's land resource-based industries. The protection of source water areas is a cost-effective means of protecting water quality. The governor and the legislature should:
  - a. Provide financial assistance to local units of government or nonprofit conservation organizations for the acquisition of land or rights in land that preserve critical headwaters areas
  - b. Provide incentives to private landowners to establish natural stream buffers, implement best management practices, and protect water quality
  - c. Assure that headwaters on public lands are managed to protect water quality
  - d. Require that drains constructed in headwater areas include conservation practices
14. ~~Development density in rural areas.~~ **REVIEW AND APPROVAL PROCESS FOR ALTERNATIVE WASTE DISPOSAL SYSTEMS.** ~~The Michigan~~

~~Department of Environmental Quality should develop a system for reviewing and approving alternative waste disposal systems that protect the environment and result in the clustering of houses in rural areas. SEE INFRASTRUCTURE AND COMMUNITY SERVICES SECTION.~~

### ***Simplifying Governmental Programs***

15. **Land Division Act reforms.** The legislature should revise the state's Land Division Act to limit the number of nonplatted land divisions and eliminate the ten-year redivision process. It should also work to encourage compact development and streamline the land platting process BY HAVING A CONCURRENT STATE DEPARTMENT REVIEW THE PROCESS AND SHORTEN APPROVAL TIME.
16. **State-federal coordination.** The governor should encourage coordination between state and federal land management assistance programs to encourage greater landowner participation, including the Wetland Reserve Program, Conservation Reserve Program, Conservation Reserve Enhancement Program, Forest Stewardship Program, and Forest Land Enhancement Program. Michigan must capitalize on all opportunities for matching funds that enhance and expand the impact of such programs.
17. **State agency coordination.** Simplify and increase state agency coordination among state grant programs for protecting sensitive environments, by creating "one-stop-shopping" for land protection programs including Michigan Natural Resources Trust Fund, Federal Forest Legacy Program, the Federal Land and Water Conservation Fund, Federal Coastal Zone Management Funds, state watershed protection funding, and other funding sources for state and local land acquisition.

### ***Incentives for Land and Cultural Preservation***

18. **Encourage ~~market-based~~ nonregulatory approaches.** The governor and legislature should establish policies that encourage ~~market-based~~, nonregulatory approaches to land preservation by:
  - a. Creating government-sponsored low-interest loans that allow nonprofit conservation organizations and local governments to acquire interest in private land to protect critical natural environments and preserve open-space through the purchase of development rights, conservation easements, and similar mechanisms
  - b. Providing new state tax incentives for protecting land through STATE AND LOCAL GOVERNMENTS, nonprofit land trusts, and historic preservation organizations, including encouraging conservation gifts with a tax credit for the donation of land or rights in land to qualifying conservation or historic preservation organizations, and encouraging conservation sales to land trusts and historic preservation organizations by reducing state taxes on the income received from the sale of land or rights in land to qualifying organizations
19. **Trailways.** Trails for both motorized and nonmotorized recreation and transportation are crucial components of Michigan's tourism industry. Incentives should be provided for all affected parties in the development and maintenance of trailways and to avoid the interruption of existing trailways vital to recreation and tourism interests.

PRIORITY SHOULD BE GIVEN TO THE CREATION OF A STATEWIDE LINKED SYSTEM OF TRAILS AND RECREATION, AS OUTLINED IN THE MICHIGAN TRAILWAYS ACT.

20. **STATE INCENTIVES FOR HABITAT PROTECTION AND OUTDOOR RECREATION OPPORTUNITIES.** MICHIGAN'S PRIMARY STATE GRANT PROGRAM FOR HABITAT PROTECTION AND OUTDOOR RECREATION IS THE MICHIGAN NATURAL RESOURCES TRUST FUND. THE TRUST FUND HAS DISTRIBUTED OVER \$500 MILLION FOR MORE THAN 2,000 GRANT PROJECTS DURING THE PAST 26 YEARS AND HAS BEEN A TREMENDOUS SUCCESS. HOWEVER, THE ANNUAL FUNDING AVAILABLE FROM THE TRUST FUND HAS NOT INCREASED OVER THE YEARS. AS DEVELOPMENT PRESSURES HAVE INCREASED AND THE PRICE OF LAND HAS RISEN, MORE AND MORE COMMUNITIES ARE APPLYING FOR GRANTS. IN RECENT YEARS, BOTH THE NUMBER OF APPLICATIONS FROM LOCAL UNITS OF GOVERNMENT AND THE AVERAGE REQUESTED AMOUNT PER APPLICATION HAVE BEEN AT RECORD LEVELS. THE GOVERNOR AND LEGISLATURE SHOULD EXPLORE WAYS TO SUPPLEMENT THE FUNDING AVAILABLE FROM THE TRUST FUND, WITH ADDITIONAL FUNDING FOR LOCAL HABITAT PROTECTION AND OUTDOOR RECREATION NEEDS. ONE OPTION TO EXPLORE IS A STATEWIDE BOND ISSUE WITH HABITAT AND OUTDOOR RECREATION AS ONE COMPONENT, JOINED WITH FARMLAND PROTECTION AND BROWNFIELD REDEVELOPMENT AND OTHER PRESSING NEEDS.
21. **NATIONAL HISTORIC AREA DESIGNATION.** CREATE A COMPREHENSIVE INCENTIVES PROGRAM FOR DESIGNATED NATIONAL HISTORIC AREAS SUCH AS MOTORCITIES-AUTOMOBILE NATIONAL HERITAGE AREA AND KEWEENAW NATIONAL HISTORIC PARK TO ENCOURAGE ECONOMIC REVITALIZATION AND TOURISM.