

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 103

Session of  
1977

INTRODUCED BY MESSRS. MORRIS, YAHNER, THOMAS, FRYER, ZELLER,  
CASSIDY, KLINGAMAN, W. W. FOSTER, SHUMAN, MADIGAN,  
D. R. WRIGHT, STAIRS, DeVERTER, WENGER, STUBAN, GRIECO,  
BROWN, CALTAGIRONE, COLE AND WILT, FEBRUARY 8, 1977

REFERRED TO COMMITTEE ON AGRICULTURE, FEBRUARY 8, 1977

AN ACT

1 Amending the act of June 15, 1961 (P.L.373, No.207), entitled  
2 "An act providing for the imposition of certain taxes upon  
3 the transfer of property passing from a decedent who was a  
4 resident of the Commonwealth at the time of his death or  
5 presumed death and of property having its situs in the  
6 Commonwealth of a decedent who was a nonresident of the  
7 Commonwealth at the time of his death or presumed death;  
8 imposing additional taxes to equal Federal Estate Tax  
9 Credits; defining and taxing certain transfers made in  
10 contemplation of death, or to take effect in possession or  
11 enjoyment at or after death; defining as a transfer and  
12 taxing the right of survivorship in certain property as to  
13 which such right exists; defining and exempting from tax,  
14 transfers to certain persons or for certain purposes or of  
15 certain property; providing for the valuation of property and  
16 interests in property, the transfer of which is subject to  
17 tax; defining and allowing deductions from the value of  
18 property, the transfer of which is subject to tax; providing  
19 for the persons ultimately liable for taxes in the absence of  
20 a direction by the decedent to the contrary; providing for  
21 the reporting of transfers and collection of taxes; imposing  
22 penalties upon banks or other financial institutions for  
23 failure to give notice to the Department of Revenue of the  
24 death of a party to a joint or trust deposit therein and upon  
25 persons who fail to file tax returns and documents; providing  
26 for the compromise of taxes in the case of alleged  
27 nonresidents of the Commonwealth; making it unlawful for any  
28 person to make a false return or report; providing for liens  
29 upon real property, the transfer of which is subject to tax,  
30 and release thereof; authorizing the Secretary of Revenue to  
31 bring suits in other jurisdictions for the collection of  
32 taxes, and authorizing officials of other jurisdictions to

1 bring suits in the Commonwealth for the collection of death  
2 taxes imposed by their jurisdictions; providing for the  
3 refund of taxes to which the Commonwealth is not rightfully  
4 or equitably entitled; providing for appeals and protests  
5 from the imposition of taxes; regulating the entry into safe  
6 deposit boxes of a decedent by certain persons, and providing  
7 penalties; dealing with the jurisdiction, powers and  
8 procedure of the orphans' court, Secretary of Revenue,  
9 Department of Revenue, Attorney General, and register of  
10 wills in matters relating to taxes; and citing certain acts  
11 for repeal," providing for preferential valuation of land in  
12 agricultural use, agricultural reserve and/or forest land  
13 use.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. Clause (24) of section 102, act of June 15, 1961  
17 (P.L.373, No.207), known as the "Inheritance and Estate Tax Act  
18 of 1961," is amended to read:

19 Section 102. Definitions.--The following words, when used in  
20 this act, unless the context clearly indicates otherwise, shall  
21 have the meanings ascribed to them in this section:

22 \* \* \*

23 (24) "Value," except as provided in subdivision (b) of  
24 Article V, as to land in agricultural use, agricultural reserve  
25 use or forest land use, value means the value which such land  
26 has for its particular use according to the standards provided  
27 in subdivision (b) of Article V, means the price at which the  
28 property would be sold by a willing seller, not compelled to  
29 sell, to a willing buyer, not compelled to buy, both of whom  
30 have reasonable knowledge of the relevant facts.

31 Section 2. Article V of the act, is amended by adding a  
32 subdivision heading to read:

33 ARTICLE V

34 Valuation

35 A. In General

36 Section 3. Article V of the act is amended by adding a

1 subdivision and sections to read:

2 ARTICLE V

3 Valuation

4 \* \* \*

5 B. Valuation of Certain Farmland and Forest Land

6 Section 511. Definitions.--As used in this act, the  
7 following words and phrases shall have the meanings ascribed to  
8 them in this section unless the context obviously otherwise  
9 requires:

10 "Agricultural commodity." Any and all plant and animal  
11 products including Christmas trees produced in this State for  
12 commercial purposes.

13 "Agricultural reserve." Noncommercial open space lands used  
14 for outdoor recreation or the enjoyment of scenic or natural  
15 beauty and open to the public for such use, without charge or  
16 fee, on a nondiscriminatory basis.

17 "Agricultural use." Use of the land for the purpose of  
18 producing an agricultural commodity or when devoted to and  
19 meeting the requirements and qualifications for payments or  
20 other compensation pursuant to a soil conservation program under  
21 an agreement with an agency of the Federal Government.

22 "Forest reserve." Land, ten acres or more, stocked by forest  
23 trees of any size and capable of producing timber or other wood  
24 products.

25 Section 512. Land Devoted to Agricultural Use, Agricultural  
26 Reserve and/or Forest Reserve, Woodlots.--

27 (a) The value for transfer inheritance tax purposes of land  
28 or an interest in land which is owned by a decedent and devoted  
29 to agricultural use, agricultural reserve, and/or forest reserve  
30 use shall be that value which such land has for its particular

1 use if it also meets the following conditions:

2 (1) Land devoted to agricultural use: Such land was devoted  
3 to agricultural use the three years preceding the death of such  
4 decedent and is not less than ten contiguous acres in area or  
5 has an anticipated yearly gross income derived from agricultural  
6 use of two thousand dollars (\$2,000).

7 (2) Land devoted to agricultural reserve: Such land is not  
8 less than ten contiguous acres in area.

9 (3) Land devoted to forest reserve: Such land is not less  
10 than ten contiguous acres in area.

11 (4) The contiguous tract of land for which application is  
12 made is not less than the entire contiguous area of the owner  
13 used for agricultural use, agricultural reserve or forest  
14 reserve purposes.

15 (b) In determining the value of land in agricultural use,  
16 agricultural reserve use, or forest reserve use for its  
17 particular use, consideration shall be given to available  
18 evidence of such lands' capability for its particular use as  
19 derived from the soil survey at the Pennsylvania State  
20 University, the National Cooperative Soil Survey, the United  
21 States Census of Agricultural Categories of land use classes,  
22 and other evidence of the capability of the land devoted to such  
23 use, and also if the land is assessed under the provisions of  
24 the act of December 19, 1974 (P.L.973, No.319), known as the  
25 "Pennsylvania Farmland and Forest Land and Assessment Act of  
26 1974," to the valuation determined by the local county assessor  
27 thereunder.

28 Section 513. Imposition of Tax When Use Abandoned.--

29 (a) If any tract of land in agricultural use, or  
30 agricultural reserve use or forest reserve use and which is

1 valued for Transfer Inheritance Tax purposes under the  
2 provisions of this article, is applied to a use other than  
3 agricultural, agricultural reserve or forest reserve, or for any  
4 other reason, except condemnation thereof, is removed from the  
5 category of land preferentially valued under this article within  
6 seven years following the death of such decedent, the owner at  
7 such time the land is so removed shall be subject and liable to  
8 tax due the Commonwealth in an amount equal to the difference,  
9 if any, between the taxes paid or payable on the basis of the  
10 valuation authorized hereunder and the taxes that would have  
11 been paid or payable had that land been valued and taxed on the  
12 basis of its market value at the death of such decedent, plus  
13 interest thereon at the rate of six percent (6%) per annum for  
14 the period from the date of death to the change of use.

15 (b) Such tax shall be a lien upon the property in favor of  
16 the Commonwealth collectible in the manner provided by law for  
17 the collection of delinquent real estate taxes, as well as the  
18 personal obligation of the owner at the time of such change of  
19 use. Such tax shall become due on the date of change of use.

20 (c) Every owner of land preferentially valued under this  
21 article shall notify the register of wills of the county or  
22 counties in which the land is located of any change or proposed  
23 change in use thereof. Any owner failing to make such  
24 notification shall be guilty of a misdemeanor and, on conviction  
25 thereof, shall be sentenced to pay a fine not exceeding ten  
26 thousand dollars (\$10,000) or undergo imprisonment not exceeding  
27 one (1) year, or both.

28 Section 514. Separation or Split-off.--

29 (a) Separation or split-off of a part of the land which was  
30 valued under this article, and taxed under this act, either by

1 conveyance or other action of the owner of such land for a use  
2 other than agricultural or agricultural reserve or forest  
3 reserve within the seven year period provided for by section  
4 513, except when the separation occurs through condemnation,  
5 shall subject the owner of the land so separated, and the entire  
6 parcel from which the land was separated, to liability for tax  
7 as otherwise set forth in this act except as provided in  
8 subsection (b).

9 (b) The owner of property subject to a preferential tax  
10 valuation may transfer land covered by the preferential tax  
11 valuation within the seven year period: Provided, That the tract  
12 of land so transferred shall not exceed two acres annually and  
13 may only be used for residential, agricultural, or forest  
14 reserve use and the construction of a residential dwelling to be  
15 occupied by the person to whom the land is transferred: And  
16 further provided, That the total parcel or parcels of land so  
17 transferred under the provisions of this subsection shall not  
18 exceed ten percent (10%) or ten acres, whichever is lesser, of  
19 the entire tract subject to the original preferential tax  
20 valuation. The transfer of a parcel of land which meets the  
21 requirements of this section shall not invalidate the  
22 preferential tax valuation or incurs additional tax: Provided,  
23 That the land retained by the landowner continues to meet the  
24 minimum acreage or, if devoted to agricultural use, gross income  
25 requirements established by this act.

26 Section 4. This act shall take effect immediately.