

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 493 Session of  
2001

INTRODUCED BY MAITLAND, FLEAGLE, GEIST AND ROSS,  
FEBRUARY 6, 2001

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 6, 2001

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," further defining "value" for purposes of realty  
11 transfer tax.

12 The General Assembly of the Commonwealth of Pennsylvania  
13 hereby enacts as follows:

14 Section 1. The definition of "value" in section 1101-C of  
15 the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform  
16 Code of 1971, amended July 2, 1986 (P.L.318, No.77), is amended  
17 to read:

18 Section 1101-C. Definitions.--The following words when used  
19 in this article shall have the meanings ascribed to them in this  
20 section:

21 \* \* \*

22 "Value."

1       (1) In the case of any bona fide sale of real estate at  
2 arm's length for actual monetary worth, the amount of the actual  
3 consideration therefor, paid or to be paid, including liens or  
4 other encumbrances thereon existing before the transfer and not  
5 removed thereby, whether or not the underlying indebtedness is  
6 assumed, and ground rents, or a commensurate part thereof where  
7 such liens or other encumbrances and ground rents also encumber  
8 or are charged against other real estate: Provided, That where  
9 such documents shall set forth a nominal consideration, the  
10 "value" thereof shall be determined from the price set forth in  
11 or actual consideration for the contract of sale;

12       (2) in the case of a gift, sale by execution upon a judgment  
13 or upon the foreclosure of a mortgage by a judicial officer,  
14 transactions without consideration or for consideration less  
15 than the actual monetary worth of the real estate, a taxable  
16 lease, an occupancy agreement, a leasehold or possessory  
17 interest, any exchange of properties, or the real estate of an  
18 acquired company, the actual monetary worth of the real estate  
19 determined by adjusting the assessed value of the real estate  
20 for local real estate tax purposes for the common level ratio of  
21 assessed values to market values of the taxing district as  
22 established by the State Tax Equalization Board, or a  
23 commensurate part of the assessment where the assessment  
24 includes other real estate;

25       (3) in the case of an easement or other interest in real  
26 estate the value of which is not determinable under clause (1)  
27 or (2), the actual monetary worth of such interest; [or]

28       (4) the actual consideration for or actual monetary worth of  
29 any executory agreement for the construction of buildings,  
30 structures or other permanent improvements to real estate

1 between the grantor and other persons existing before the  
2 transfer and not removed thereby or between the grantor, the  
3 agent or principal of the grantor or a related corporation,  
4 association or partnership and the grantee existing before or  
5 effective with the transfer[.]; or

6 (5) in the case of a transfer of real estate from a  
7 nonprofit industrial development agency or authority to a  
8 grantee in a nonexcluded transaction, the actual amount paid by  
9 the nonprofit industrial development agency or authority to  
10 acquire the real estate.

11 Section 2. This act shall take effect in 60 days.