

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2695 Session of
2004

INTRODUCED BY WANSACZ, BELARDI, BELFANTI, COY, ARMSTRONG, BARD,
BARRAR, BIANCUCCI, BOYD, BUNT, CAPPELLI, CORRIGAN, CREIGHTON,
DALEY, DENLINGER, FAIRCHILD, GEORGE, TANGRETTI, WILT,
YOUNGBLOOD, YUDICHAK, PAYNE, BROWNE, GERGELY, GILLESPIE,
GOODMAN, GRUCELA, GRUITZA, HALUSKA, HANNA, HARHAI, HARRIS,
HASAY, HENNESSEY, HERSHEY, HESS, HUTCHINSON, JOSEPHS, KOTIK,
LEACH, LEWIS, McILHATTAN, McNAUGHTON, MILLARD, MUSTIO,
PETRARCA, PHILLIPS, READSHAW, REICHLEY, SAINATO, SCAVELLO,
SCHRODER, SEMMEL, SHANER, SOLOBAY AND SURRA, JUNE 14, 2004

REFERRED TO COMMITTEE ON FINANCE, JUNE 14, 2004

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," adding definitions relating to inheritance tax;
11 and further providing for transfers not subject to
12 inheritance tax.

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

15 Section 1. Section 2102 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, is amended by
17 adding definitions to read:

18 Section 201. Definitions.--The following words, terms and
19 phrases when used in this Article, shall have the meaning

1 ascribed to them in this section, except where the context
2 clearly indicates a different meaning:

3 * * *

4 "Closely held business property." A trade or business, other
5 than a farm, that is a closely held corporation as defined under
6 15 Pa.C.S. § 1103 (relating to definitions) or is a Subchapter S
7 corporation.

8 * * *

9 "Family member." An individual's ancestor, spouse, sibling,
10 lineal descendant or spouse of a lineal descendant. The term
11 also includes a lineal descendant of the individual's sibling
12 and a lineal descendant of the individual's grandparent. For
13 purposes of this definition, a legally adopted child of an
14 individual shall be treated as a lineal descendant of the
15 individual.

16 "Farm." The term includes any of the following: stock,
17 dairy, poultry, fruit, fur-bearing animal and truck farm,
18 plantation, ranch, nursery, range, greenhouse or similar
19 operation engaged primarily for the raising of agricultural or
20 horticultural commodities, orchards or woodlands.

21 * * *

22 Section 2. Section 2111 of the act is amended by adding a
23 subsection to read:

24 Section 2111. Transfers Not Subject to Tax.--* * *

25 (s) The first one million dollars (\$1,000,000) of the value
26 of a farm or closely held business property transferred between
27 family members are exempt from inheritance tax.

28 Section 3. This act shall apply to estates of decedents
29 dying after June 30, 2003, and to inter vivos transfers of
30 decedents dying after June 30, 2003.

1 Section 4. This act shall take effect immediately.