

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1453 Session of  
2005

INTRODUCED BY WANSACZ, BELARDI, CAWLEY, CALTAGIRONE, DALEY,  
FREEMAN, GOODMAN, GRUCELA, HARHAI, MANN, PALLONE, PETRARCA,  
READSHAW, SAINATO, SURRA, TANGRETTI, WALKO, WILT, YOUNGBLOOD,  
BALDWIN, BARRAR, BOYD, CAPPELLI, CRAHALLA, DENLINGER,  
FAIRCHILD, GOOD, HARPER, HESS, HUTCHINSON, M. KELLER,  
LEDERER, McILHATTAN, MILLARD, MUSTIO, O'NEILL, PHILLIPS,  
REICHLEY, ROHRER, ROSS, SCAVELLO, SCHRODER, SEMMEL,  
R. STEVENSON AND TURZAI, APRIL 28, 2005

REFERRED TO COMMITTEE ON FINANCE, APRIL 28, 2005

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  
20 ascribed to them in this section, except where the context

1 clearly indicates a different meaning:

2 \* \* \*

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

7 \* \* \*

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

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

20 \* \* \*

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

23 Section 2111. Transfers Not Subject to Tax.--\* \* \*

24 (s) The first one million two hundred fifty thousand dollars  
25 (\$1,250,000) of the value of a farm or closely held business  
26 property transferred between family members are exempt from  
27 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.