

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1961 Session of
2005

INTRODUCED BY MAITLAND, S. MILLER, FLEAGLE, ARMSTRONG, BOYD,
CALTAGIRONE, CAPPELLI, CLYMER, CREIGHTON, DENLINGER, ELLIS,
FAIRCHILD, FREEMAN, GINGRICH, GODSHALL, GOODMAN, GRUCELA,
HARRIS, HERSHEY, KAUFFMAN, M. KELLER, McILHATTAN, NICKOL,
O'NEILL, REICHLEY, ROSS, SAYLOR, SCHRODER, SIPTROTH, STEIL,
E. Z. TAYLOR, YOUNGBLOOD AND ZUG, SEPTEMBER 26, 2005

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 26, 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," further providing for valuation of certain
11 farmland.

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

14 Section 1. Section 2122(a) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
16 by adding definitions and subsection (b) is amended by adding a
17 paragraph to read:

18 Section 2122. Valuation of Certain Farmland.--(a) The
19 following words and phrases, when used in this section, shall
20 have the meaning ascribed to them in this section, except where

1 the context clearly indicates a different meaning:

2 * * *

3 "Family farm partnership." A partnership which meets all of
4 the following:

5 (1) At least seventy-five per cent of its assets are devoted
6 to the production of an agricultural commodity.

7 (2) At least seventy-five per cent of the interests in the
8 partnership are continuously owned by members of the same
9 family.

10 * * *

11 "Members of the same family."

12 (1) The term includes all of the following:

13 (i) An individual, the individual's brothers and sisters and
14 the brothers and sisters of the individual's parents and
15 grandparents.

16 (ii) The ancestors and lineal descendants, a spouse and the
17 estate of any of the persons listed in subparagraph (i).

18 (2) Individuals related by the half blood or legal adoption
19 shall be treated as if they were related by the whole blood.

20 * * *

21 (b) * * *

22 (1.1) The value for transfer inheritance tax purposes of
23 land or an interest in land which is owned by a family farm
24 partnership of which the decedent is a partner and which is
25 devoted to agricultural use shall be that value which the land
26 has for such use if the land was devoted to the agricultural use
27 for the three years preceding the death of the decedent and is:

28 (i) not less than ten contiguous acres in area; or

29 (ii) has anticipated yearly gross income derived from
30 agricultural use of at least two thousand dollars (\$2,000).

1 * * *

2 Section 2. The amendment of section 2122 of the act shall
3 apply to estates of decedents who die on or after the effective
4 date of this section.

5 Section 3. This act shall take effect in 60 days.