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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2676 Session of  
2012

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INTRODUCED BY HANNA, OCTOBER 17, 2012

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REFERRED TO COMMITTEE ON FINANCE, OCTOBER 17, 2012

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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," in inheritance tax, further providing for  
11 transfers not subject to tax.

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

14 Section 1. Section 2111(s) of the act of March 4, 1971  
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended  
16 July 2, 2012 (P.L.751, No.85), is amended to read:

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

18 (s) A transfer of real estate devoted to the business of  
19 agriculture between members of the same family, provided that  
20 after the transfer the real estate continues to be devoted to  
21 the business of agriculture for a period of seven years beyond  
22 the transferor's date of death and the real estate derives a  
23 yearly gross income of at least two thousand dollars (\$2,000),

1 provided that:

2 (1) Any tract of land under this article which is no longer  
3 devoted to the business of agriculture within seven years beyond  
4 the transferor's date of death shall be subject to inheritance  
5 tax due the Commonwealth under section 2107, in the amount that  
6 would have been paid or payable on the basis of valuation  
7 authorized under section 2121 for nonexempt transfers of  
8 property, plus interest thereon accruing as of the transferor's  
9 date of death, at the rate established in section 2143.

10 (2) Any tax imposed under section 2107 shall be a lien in  
11 favor of the Commonwealth upon the property no longer being  
12 devoted to agricultural use, collectible in the manner provided  
13 for by law for the collection of delinquent real estate taxes,  
14 as well as the personal obligation of the owner of the property  
15 at the time of the change of use.

16 (3) Every owner of real estate exempt under this subsection  
17 shall certify to the department on an annual basis that the land  
18 qualifies for this exemption and shall notify the department  
19 within thirty days of any transaction or occurrence causing the  
20 real estate to fail to qualify for the exemption. Each year the  
21 department shall inform all owners of their obligation to  
22 provide an annual certification under this subclause. This  
23 certification and notification shall be completed in the form  
24 and manner as provided by the department.

25 (4) The requirement that the real estate derives a yearly  
26 gross income of at least two thousand dollars (\$2,000) shall not  
27 apply to forest land.

28 \* \* \*

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