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Memorandum

TO: Members of the House of Representatives

FROM: Representative Stephen Bloom

DATE: July 6, 2011

SUBJECT: **Co-Sponsorship Memo: Keep Farm Families Farming - Death Tax Exemption**

Pennsylvania invests in numerous programs to support and encourage family farming, but we senselessly undermine that effort by continuing the archaic practice of financially penalizing farm families with an inheritance tax when they suffer the death of a loved one. The death tax burden hits surviving farm family members at the very time they are most economically vulnerable and often leads to the forced sale of critical farm assets or even the dissolution of the entire farming operation.

While I support other pending legislation which seeks to more broadly reduce or eliminate Pennsylvania's inheritance tax, I believe that targeting death tax relief to family farmers would be a viable starting point in light of the current fiscal climate.

To protect surviving farm family members from being forced to liquidate bequeathed farming infrastructure (such as farmland, livestock or machinery) to pay inheritance tax obligations, my legislation will exempt transfers of agricultural assets from the inheritance tax when the receiving heir is a sibling or child of the deceased farmer.

The Pennsylvania Department of Revenue estimates that in the first year of enactment (FY 11-12), the exemption my legislation contains would decrease state inheritance tax revenue by the modest sum of approximately \$2.1 million. These dollars, though minimal in terms of overall state revenue, often amount to the essential difference between a hard-pressed farm family continuing to farm or being forced to sell out to pay the death tax. Below, is a detailed chart displaying the estimated financial impact of my proposal.

Fiscal Year	Inheritance Tax Revenue -	Agricultural Conservation Easement Adjustment	Foregone Revenue
	Agricultural Transfers		
11-12	2,142,062	40,064	2,101,998
12-13	3,190,452	65,824	3,124,628
13-14	3,557,179	80,949	3,476,230
14-15	3,800,715	95,854	3,704,860
15-16	3,993,263	112,119	3,881,144

As you can see from the above chart, my legislation will provide much-needed inheritance tax relief to farmers across Pennsylvania without significantly reducing state revenues. If you would like to co-sponsor this legislation, please contact my secretary Lauren Withjack at lwithjac@pahousegop.com or at 772-2280.