

PRESERVED FARMLAND TAX STABILIZATION ACT
Act of Oct. 13, 1994, P.L. 605, No. 91
AN ACT

CL. 53

Providing for the assessment of real property subject to an agricultural conservation easement.

The General Assembly finds and declares as follows:

(1) The Commonwealth has undertaken a Statewide program to encourage landowners of prime agricultural land to sell their rights to develop the land. Other public and private programs promote the donation of development rights as a way of preserving farmland. Farmland owners who sell or donate their development rights need to have the assurance that their properties will be valued for use restricted to agriculture.

(2) It is the intent of this General Assembly that land covered by an agricultural conservation easement by which development rights were transferred should be valued and assessed at its restricted farmland market value for the duration of the easement. This action will complement the State and private programs whose intent is to preserve farmland as well as to preserve the economic viability of agriculture in this Commonwealth.

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

Section 1. Short title.

This act shall be known and may be cited as the Preserved Farmland Tax Stabilization Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Agricultural conservation easement." A holder's nonpossessory interest in real property, whether appurtenant or in gross, imposing limitations or affirmative obligations, the purpose of which is to assure its availability for agricultural use, and which contains a third-party right of enforcement.

"Common level ratio." The ratio of assessed value to current market value used generally in the county as last determined by the State Tax Equalization Board pursuant to the act of June 27, 1947 (P.L.1046, No.447), referred to as the State Tax Equalization Board Law.

"Established predetermined ratio." The ratio of assessed value to market value established by the board of county commissioners and uniformly applied in determining assessed value in any year pursuant to the act of May 22, 1933 (P.L.853, No.155), known as The General County Assessment Law.

"Holder." The term includes the following:

(1) A governmental body empowered to hold an interest in real property under the laws of this Commonwealth or the

United States.

(2) A charitable corporation, charitable association or charitable trust registered with the Bureau of Charitable Organizations of the Department of State and exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) or other Federal or Commonwealth statutes or regulations, the purposes or powers of which include assuring the availability of real property for agricultural use.

"Restricted farmland market value." The fair market value of farmland that has been restricted by an agricultural conservation easement, thus limiting the highest and best use of the land to agricultural purposes.

"Third-party right of enforcement." A right provided in an agricultural conservation easement in order to enforce any of its terms granted to either:

- (1) a governmental body; or
- (2) a charitable corporation, charitable association or charitable trust;

which, although eligible to be a holder, is not a holder.

Section 3. Assessment of land containing agricultural conservation easement.

(a) Assessment.--The assessed value of land, but not the buildings thereon, which is subject to either a perpetual agricultural conservation easement or an agricultural conservation easement for less than perpetuity shall be determined by determining the restricted farmland market value of the land and by applying the current established predetermined ratio of the county to the restricted farmland market value unless the appropriate common level ratio determined by the State Tax Equalization Board varies by more than 15% from the established predetermined ratio, in which case the common level ratio shall be applied to the restricted farmland market value.

(b) Revaluation.--

(1) After the initial assessment of land which is subject to perpetual agricultural conservation easement under subsection (a), the assessed value of that land may be decreased but shall not be increased unless a county has effected a countywide revision of assessments.

(2) After the initial assessment of land which is subject to an agricultural conservation easement for less than perpetuity under subsection (a), the assessed value of that land may be changed as a result of a countywide revision of assessments and may annually be subject to revaluation in accordance with the provisions of subsection (a) pursuant to the appeal procedures of the applicable law governing assessments in the county in which the land is located.

(c) Countywide revision of assessments.--In the event that there is a countywide revision of assessments involving either the revaluing of properties or a mathematical change in the assessment base, the assessed value of land, but not the buildings thereon, which is subject to either a perpetual agricultural conservation easement or an agricultural conservation easement for less than perpetuity shall be

determined in accordance with the provisions of subsection (a) pursuant to the procedure for determining assessed value of property in assessment appeals after a countywide revision of assessments.

Section 4. Other preferential assessments of land covered by agricultural conservation easement.

The provisions of this act shall not be applied to determine assessed value of land which is subject to either a perpetual agricultural conservation easement or an agricultural conservation easement for less than perpetuity if the result would be a higher assessment than would be obtained by applying other authorized methods of assessment. Land which qualifies to be assessed pursuant to this act shall not be prohibited from qualifying for preferential assessment pursuant to any other law and shall be assessed at the lowest preferential assessment for which it qualifies.

Section 5. Repeals.

All acts and parts of acts are repealed insofar as they are inconsistent with this act.

Section 6. Applicability.

This act shall apply to all lands subject to an agricultural conservation easement on the effective date of this act and to subsequent agricultural conservation easements which become applicable after the effective date of this act, provided that this act shall apply to the taxes owed on such easements only for tax years beginning on or after the effective date of this act.

Section 7. Effective date.

This act shall take effect immediately.