

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1056

Session of
1973

INTRODUCED BY MESSRS. KENNEDY, WEIDNER, THOMAS, R. W. WILT,
DeVERTER, GRIECO, KLINGAMAN, C. S. SMITH, BRANDT, FOOR,
SHUMAN, ZELLER, MORRIS, PIPER, ANDERSON, YAHNER, VIPOND,
A. C. FOSTER JR., DREIBELBIS, TURNER, MCGINNIS AND BIXLER,
MAY 30, 1973

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
APRIL 16, 1974

AN ACT

1 Prescribing the procedure under which an owner may have land
2 devoted to agricultural use, agricultural reserve use, or
3 forest reserve use, valued for tax purposes at the value it
4 has for such uses, and providing for reassessment and certain
5 interest payments when such land is applied to other uses.

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

8 Section 1. Short Title.--This act shall be known and may be
9 cited as the "Pennsylvania Farmland and Forest Land Assessment
10 Act of 1974."

11 Section 2. Definitions.--As used in this act, the following
12 words and phrases shall have the meanings ascribed to them in
13 this section unless the context obviously otherwise requires:

14 "Agricultural commodity." Any and all plant and animal
15 products produced in this State for commercial purposes.

16 "Agricultural reserve." Land which has a potential to
17 produce agricultural commodities.

1 "Agricultural use." Use of the land for the purpose of
2 producing an agricultural commodity or when devoted to and
3 meeting the requirements and qualifications for payments or
4 other compensation pursuant to a soil conservation program under
5 an agreement with an agency of the Federal Government.

6 "Forest reserve." Land, ten acres or more, stocked by forest
7 trees of any size and capable of producing timber or other wood
8 products.

9 Section 3. Land Devoted to Agricultural Use, Agricultural
10 Reserve, and/or Forest Reserve, Woodlots.--(a) For general
11 property tax purposes, the value of land, ~~not less than five~~ <—
12 ~~contiguous acres in area,~~ which is presently devoted to
13 agricultural use, agricultural reserve, and/or forest reserve ~~of~~ <—
14 ~~not less than ten contiguous acres,~~ shall on application of the
15 owner and approval thereof as hereinafter provided be that value
16 which such land has for its particular use IF IT ALSO MEETS THE <—
17 FOLLOWING CONDITIONS:

18 (1) LAND PRESENTLY DEVOTED TO AGRICULTURAL USE: SUCH LAND
19 WAS DEVOTED TO AGRICULTURAL USE THE PRECEDING THREE YEARS AND IS
20 NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA OR HAS AN ANTICIPATED
21 YEARLY GROSS INCOME OF ONE THOUSAND DOLLARS (\$1,000).

22 (2) LAND PRESENTLY DEVOTED TO AGRICULTURAL RESERVE: SUCH
23 LAND IS NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA.

24 (3) LAND PRESENTLY DEVOTED TO FOREST RESERVE: SUCH LAND IS
25 NOT LESS THAN TEN CONTIGUOUS ACRES IN AREA.

26 (b) The assessor when determining the value of land in
27 agricultural use, agricultural reserve use, or forest reserve
28 use, shall, in arriving at the value of such land for its
29 particular use, consider available evidence of such lands'
30 capability for its particular use as derived from the soil

1 survey at the Pennsylvania State University, the National
2 Cooperative Soil Survey, the United States Census of
3 Agricultural Categories of land use classes, and evidence of the
4 capability of land devoted to such use.

5 (c) Farm woodlots, contiguous to, and held by the same
6 ownership as other agricultural or agricultural reserve land is
7 not required to conform to the ten acre minimum forest reserve
8 requirement.

9 Section 4. County Board of Assessment and Revision of
10 Taxes.--(a) The county board for the assessment and revision of
11 taxes shall have the responsibility to accept and process
12 applications for preferential assessments as prescribed by this
13 act.

14 (b) In addition to keeping such records as are now or
15 hereafter required by law, the county shall clearly indicate on
16 the appropriate records those parcels that are assessed under
17 the provisions of this act. It shall be the duty of the county
18 board for the assessment and revision of taxes to immediately
19 notify the appropriate taxing bodies of any preferential
20 assessment granted or cancelled within their taxing
21 jurisdictions.

22 Section 5. Applications for Preferential Assessment.--(a)
23 Each owner of agricultural land, agricultural reserve and/or
24 forest reserve, desiring preferential use assessment under this
25 act, shall make application to the county board for the
26 assessment and revision of taxes of the county in which the land
27 is located. Such application must be submitted on or before July
28 first of the year immediately preceding the tax year.
29 Preferential assessment shall continue under the initial
30 application until land use change takes place.

(b) There shall be uniform application forms for preferential assessment in all counties. Such application forms shall be developed by the Department of Agriculture. In addition to the information which the Department of Agriculture shall deem appropriate, the following statement shall be included:

"The applicant for preferential assessment hereby agrees that if his application is approved for preferential assessment to submit ten days' notice to the county assessor of a proposed change in use of the land, a split-off of a portion of the land, or a conveyance of the land."

The assessor shall notify the prospective buyer of any roll-back tax due if a change in use occurs.

Section 6. Separation or Split-off.--~~(a) Separation or split-off of a part of the land which is being valued, assessed and taxed under this act either by conveyance or other action of the owner of such land for a use other than agricultural or agricultural reserve or forest reserve shall subject the land so separated AND THE ENTIRE PARCEL FROM WHICH THE LAND WAS SEPARATED to liability for the roll-back taxes as set forth in section 8 10 of this act. applicable thereto but shall not impair the right of the remaining land to continuance of valuation assessment and taxation hereunder provided it meets the minimum acreage requirement and such other conditions of this act as may be applicable.~~

~~(b) Any change in use of a separation or split off of land shall be in compliance with the zoning ordinances of the local municipality, if in effect.~~

(B) IN THE CASE OF LAND IN AGRICULTURAL RESERVE AND/OR FOREST RESERVE, SEPARATION OF SPLIT-OFF OF A PART OF THE LAND WHICH IS BEING VALUED, ASSESSED AND TAXED UNDER THIS ACT EITHER

1 BY CONVEYANCE OR OTHER ACTION OF THE OWNER OF SUCH LAND FOR A
2 USE OTHER THAN AGRICULTURAL USE, AGRICULTURAL RESERVE OR FOREST
3 RESERVE SHALL SUBJECT THE ENTIRE TRACT TO LIABILITY FOR THE
4 ROLL-BACK TAXES AS SET FORTH IN SECTION 8 OF THIS ACT APPLICABLE
5 THERETO EXCEPT IN CASES OF TRANSFERS TO FAMILY MEMBERS.

6 (C) THE OWNER OF PROPERTY SUBJECT TO A PREFERENTIAL TAX
7 ASSESSMENT MAY TRANSFER LAND COVERED BY THE PREFERENTIAL TAX
8 ASSESSMENT TO ANY MEMBER OF HIS IMMEDIATE FAMILY WITHOUT
9 INCURRING ROLL-BACK TAXES: PROVIDED, THAT THE TRACT OF LAND SO
10 TRANSFERRED SHALL NOT EXCEED TWO ACRES AND MAY ONLY BE USED FOR
11 THE CONSTRUCTION OF A RESIDENTIAL DWELLING TO BE OCCUPIED BY THE
12 FAMILY MEMBER TO WHICH THE LAND IS TRANSFERRED. THE TRANSFER OF
13 A PARCEL OF LAND TO A FAMILY MEMBER WHICH MEETS THE REQUIREMENTS
14 OF THIS SECTION SHALL NOT INVALIDATE THE PREFERENTIAL TAX
15 ASSESSMENT AND THE LAND RETAINED BY THE LANDOWNER SHALL CONTINUE
16 TO BE ELIGIBLE FOR USE VALUE ASSESSMENT IF IT CONTINUES TO MEET
17 THE MINIMUM ACREAGE REQUIREMENTS ESTABLISHED BY THIS ACT.

18 (D) ANY CHANGE IN USE OF A SEPARATION OR SPLIT-OFF OF LAND
19 SHALL BE IN COMPLIANCE WITH THE ZONING ORDINANCES OF THE LOCAL
20 MUNICIPALITY, IF IN EFFECT.

21 Section 7. Contiguous Land in More Than One Taxing
22 District.--Where contiguous land in agricultural, or
23 agricultural reserve, and/or forest reserve use in one ownership
24 is located in more than one taxing district, compliance with the
25 minimum area requirement shall be determined on the basis of the
26 total area of such land and not the area which is located in the
27 particular taxing district.

28 Section 8. Determination of Amounts of Taxes When Use
29 Abandoned.--(a) When ANY TRACT OF land which is in agricultural <—
30 use, or agricultural reserve use or forest reserve use and which

1 is being valued, assessed and taxed under the provisions of this
2 act, is applied to a use other than agricultural, agricultural
3 reserve or forest reserve, or for any other reason is removed
4 from the category of land preferentially assessed and taxed
5 under this act, ~~it~~ THE LAND SO REMOVED AND THE ENTIRE TRACT OF <—
6 WHICH IT WAS A PART shall be subject to taxes in an amount equal
7 to the difference, hereinafter referred to as roll-back taxes,
8 if any, between the taxes paid or payable on the basis of the
9 valuation and the assessment authorized hereunder and the taxes
10 that would have been paid or payable had that land been valued,
11 assessed and taxed as other land in the taxing district in the
12 current tax year, the year of change, and in ~~four~~ NINE of the <—
13 previous tax years or the number of years of preferential
14 assessment up to ~~five~~ TEN, plus interest at a rate derived from <—
15 averaging during such period, the monthly maximum lawful rates
16 of interest for residential mortgages fixed and published in the
17 Pennsylvania Bulletin pursuant to section 301 of the act of
18 January 30, 1974 (P.L. , No.6), entitled "An act regulating
19 agreements for the loan or use of money; establishing a maximum
20 lawful interest rate in the Commonwealth; providing for a legal
21 rate of interest; detailing exceptions to the maximum lawful
22 interest rate for residential mortgages and for any loans in the
23 principal amount of more than fifty thousand dollars and
24 Federally insured or guaranteed loans and unsecured,
25 noncollateralized loans in excess of thirty-five thousand
26 dollars and business loans in excess of ten thousand dollars;
27 providing protections to debtors to whom loans are made
28 including the provision for disclosure of facts relevant to the
29 making of residential mortgages, providing for notice of
30 intention to foreclose and establishment of a right to cure

1 defaults on residential mortgage obligations, provision for the
2 payment of attorney's fees with regard to residential mortgage
3 obligations and providing for certain interest rates by banks
4 and bank and trust companies; clarifying the substantive law on
5 the filing of and execution on a confessed judgment; prohibiting
6 waiver of provisions of this act, specifying powers and duties
7 of the Secretary of Banking, and establishing remedies and
8 providing penalties for violations of this act." After the first
9 ~~five~~ TEN years of preferential assessment, the roll-back shall <—
10 apply to the TEN most recent tax years. <—

11 (b) Unpaid roll-back taxes shall be a lien upon the property
12 collectible in the manner provided by law for the collection of
13 delinquent taxes. Roll-back taxes shall become due on the date
14 of change of use, or any other termination of preferential
15 assessment and shall be paid by the owner of the land at the
16 time of change in use, or any other termination of assessment,
17 to the county treasurer whose responsibility it shall be to make
18 proper distribution of the taxes and interest to the taxing
19 bodies wherein the property is located.

20 Section 9. Appeals.--There shall be a right of appeal which
21 shall conform to practice in the particular county in which
22 preferential assessment is being sought.

23 SECTION 10. RENEGOTIATION OF OPEN SPACE AGREEMENTS.--ANY <—
24 COUNTY WHICH HAS COVENANTED WITH LAND OWNERS OF FARM OR FOREST
25 LAND AS TO ASSESSMENTS AND OPEN SPACE USE OF SUCH LAND UNDER THE
26 ACT OF JANUARY 13, 1966 (1965 P.L.1292, NO.515), ENTITLED "AN
27 ACT ENABLING CERTAIN COUNTIES OF THE COMMONWEALTH TO COVENANT
28 WITH LAND OWNERS FOR PRESERVATION OF LAND IN FARM, FOREST, WATER
29 SUPPLY, OR OPEN SPACE USES," MAY, AT ITS OPTION, RENEGOTIATE
30 SUCH AGREEMENTS SO AS TO MAKE THEM CONFORM TO THE PROVISIONS OF

1 THIS ACT AS TO PREFERENTIAL ASSESSMENTS.

2 Section ~~10~~. 11. Applicability to Tax Year and Subsequent Tax <—
3 Years.--The tax year 1974 shall be deemed to be the first tax
4 year in which the provisions of this act shall apply, and this
5 act shall apply to the tax year 1974 and subsequent tax years.

6 Section ~~11~~. 12. Applicability.--This act shall apply to all <—
7 counties of the Commonwealth of Pennsylvania.

8 Section ~~12~~. 13. Severability; Inconsistent Laws.--If any <—
9 section, provision, or clause of this act shall be declared
10 invalid or inapplicable to any persons or circumstances, such
11 action shall not be construed to affect the rest of the act or
12 circumstances not so affected. All laws or portions of laws
13 inconsistent with the policy and provisions of this act are
14 hereby repealed to that extent.