
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1042

Session of
1979

INTRODUCED BY STUBAN, HASAY, KUKOVICH, McCALL, COLE, COSLETT,
WENGER, D. R. WRIGHT AND YAHNER, APRIL 24, 1979

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,
APRIL 24, 1979

AN ACT

1 Restricting the ownership of agricultural lands by certain
2 corporations.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the "Family Farm
7 Act."

8 Section 2. Declaration of legislative intent.

9 The General Assembly finds that it is in the interests of the
10 Commonwealth to encourage and protect the family farm as a basic
11 economic unit, to insure it as the most socially desirable mode
12 of agricultural production, and to enhance and promote the
13 stability and well-being of rural society in Pennsylvania and
14 the nuclear family.

15 Section 3. Definitions.

16 The following words and phrases when used in this act shall
17 have, unless the context clearly indicates otherwise, the

1 meanings given to them in this section:

2 "Agricultural land." Land used for farming.

3 "Authorized farm corporation." A corporation meeting the
4 following standards:

5 (1) its shareholders do not exceed five in number;

6 (2) all its shareholders, other than any estate are
7 natural persons;

8 (3) it does not have more than one class of shares;

9 (4) its revenues from rent, royalties, dividends,
10 interest and annuities do not exceed 20% of its gross
11 receipts; and

12 (5) a majority of the shareholders reside on the farm or
13 are actively engaged in farming.

14 "Family farm." An unincorporated farming unit owned by one
15 or more persons residing on the farm or actively engaging in
16 farming.

17 "Family farm corporation." A corporation founded for the
18 purpose of farming and the ownership of agricultural land in
19 which the majority of the voting stock is held by and the
20 majority of the stockholders are persons or the spouses of
21 persons related to each other within the third degree of kindred
22 according to law, and at least one of such related persons is
23 residing on or actively operating the farm, and none of whose
24 stockholders are corporations: Provided, however, That a family
25 farm corporation shall not cease to qualify as such hereunder by
26 reason of any devise or bequest of shares of voting stocks.

27 "Farming." The production of:

28 (1) agricultural products;

29 (2) livestock or livestock products;

30 (3) milk or milk products; or

1 (4) fruit or other horticultural products.

2 It does not include the processing, refining or packaging of
3 such products, or spraying or harvesting services by a processor
4 or distributor of farm products. It does not include the
5 production of timber or forest products or the production of
6 poultry or poultry products.

7 Section 4. Farming and ownership of agricultural land by
8 corporations restricted.

9 After December 31, 1979, no corporation shall engage in
10 farming; nor shall any corporation, directly or indirectly, own,
11 acquire, or otherwise obtain an interest, whether legal,
12 beneficial or otherwise, in any title to real estate used for
13 farming or capable of being used for farming in this State:
14 Provided, however, That the restrictions provided in this
15 section shall not apply to the following:

16 (1) a bona fide encumbrance taken for purposes of
17 security;

18 (2) a family farm corporation or an authorized farm
19 corporation as defined in section 2;

20 (3) agricultural land and land capable of being used for
21 farming owned by a corporation as of December 31, 1979,
22 including the normal expansion of such ownership at a rate
23 not to exceed 20% of the amount of land owned as of December
24 31, 1979, measured in acres, in any five-year period, and
25 including additional ownership reasonably necessary to meet
26 the requirements of pollution control regulations;

27 (4) agricultural land operated for research or
28 experimental purposes: Provided, That any commercial sales
29 from such farm shall be incidental to the research or
30 experimental objectives of the corporation;

1 (5) agricultural land operated by a corporation for the
2 purpose of raising breeding stock for resale to farmers or
3 operated for the purpose of growing seed, wild rice, nursery
4 plants or sod;

5 (6) agricultural land and land capable of being used for
6 farming leased by a corporation in an amount, measured in
7 acres, not to exceed the acreage under lease to such
8 corporation as of December 31, 1979 and the additional
9 acreage required for normal expansion at a rate not to exceed
10 20% of the amount of land leased as of December 31, 1979 in
11 any five-year period, and the additional acreage reasonably
12 necessary to meet the requirements of pollution control
13 regulations;

14 (7) agricultural land when acquired as a gift (either by
15 grant or a devise) by an educational, religious or charitable
16 nonprofit corporation: Provided, however, That all lands so
17 acquired which are not operated for research or experimental
18 purposes, or are not operated for the purpose of raising
19 breeding stock for resale to farmers or operated for the
20 purpose of growing seed, wild rice, nursery plants or sod
21 must be disposed of within ten years after acquiring title
22 thereto;

23 (8) agricultural land acquired by a corporation other
24 than a family farm corporation or authorized farm
25 corporation, as defined in section 2, for which the
26 corporation has documented plans to use and subsequently uses
27 the land within six years from the date of purchase for a
28 specific nonfarming purpose, or land zoned nonagricultural,
29 or land located within an incorporated town. A corporation
30 may hold such agricultural land in such acreage as may be

1 necessary to its nonfarm business operation: Provided,
2 however, That pending the development of agricultural land
3 for nonfarm purposes, such land may not be used for farming
4 except under lease to a family farm unit, a family farm
5 corporation or an authorized farm corporation, or except when
6 such agricultural land is controlled through ownership,
7 options, leaseholds, or other agreements by a corporation
8 which has entered into an agreement with the United States of
9 America pursuant to the New Community Act of 1968 (Title IV
10 of the Housing and Urban Development Act of 1968, 42 U.S.C.
11 3901-3914), as amended, or a subsidiary or assign of such a
12 corporation;

13 (9) agricultural lands acquired by a corporation by
14 process of law in the collection of debts, or by any
15 procedure for the enforcement of a lien or claim thereon,
16 whether created by mortgage or otherwise: Provided, however,
17 That all lands so acquired shall be disposed of within ten
18 years after acquiring the title thereto: And, further
19 provided, That the land so acquired shall not be used for
20 farming during the ten-year period except under a lease to a
21 family farm unit, a family farm corporation or an authorized
22 farm corporation. The aforementioned ten-year limitation
23 period shall be deemed a covenant running with the title to
24 the land against any corporate grantee or assignee or the
25 successor of such corporation;

26 (10) agricultural land acquired by a public utility for
27 use in its business: Provided, however, That such land may
28 not be used for farming except under lease to a family farm
29 unit, or a family farm corporation;

30 (11) agricultural land, either leased or owned, totally

no more than 2700 acres, acquired after December 31, 1979 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2000 acres of asparagus production; or

(12) a corporation formed primarily for religious purposes whose sole income is derived from agriculture.

Section 5. Reports.

(a) Every corporation which holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this State after December 31, 1979, shall file with the Secretary of Agriculture a report containing the following information:

(1) the name of the corporation and its place of incorporation;

(2) the address of the registered office of the corporation in this State, the name and address of its registered agent in this State and, in the case of a foreign corporation, the address of its principal office in its place of incorporation;

(3) the acreage and location listed by township and county of each lot or parcel of land in this State owned or leased by the corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) the names and addresses of the officers, shareholders owning more than 10% of the stock, including the

percentage of stock owned by each such shareholder and the members of the board of directors of the corporation; and

(5) the farm products which the corporation produces or intends to produce on its agricultural land.

The report of a corporation seeking to qualify hereunder as a family farm corporation or an authorized farm corporation shall contain the following additional information:

(i) the number of shares owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to law or their spouses;

(ii) the name, address and number of shares owned by each shareholder; and

(iii) a statement as to the percentage of gross receipts of the corporation derived from rent, royalties, dividends, interests and annuities.

No corporation shall commence farming in this State until the Secretary of Agriculture has inspected the report and certified that its proposed operations comply with the provisions of this act.

(b) Every corporation described in subsection (a) shall, prior to April 15 of each year, file with the Secretary of Agriculture, a report containing the information required by subsection (a), based on its operations in the preceding calendar year and its status at the end of such year.

(c) Failure to file a required report, or the willful filing of false information, shall constitute a misdemeanor of the third degree.

Section 6. Enforcement.

If the Attorney General has reason to believe that a

1 corporation is violating the provisions of this act, he shall
2 commence an action in the court of common pleas of the county in
3 which any agricultural lands relative to such violation are
4 situated, or if situated in two or more counties, in any county
5 in which a substantial part of the lands are situated. The
6 Attorney General shall file for record with the recorder of
7 deeds of each county in which any portion of said lands is
8 located a notice of the pendency of the action. If the court
9 finds that the lands in question are being held in violation of
10 this act, it shall enter an order so declaring. The Attorney
11 General shall file for record any such order with the recorder
12 of deeds of each county in which any portion of said lands is
13 located. Thereafter, the corporation owning such land shall have
14 a period of five years from the date of such order to divest
15 itself of such lands. The five-year limitation period shall be
16 deemed a covenant running with the title to the land against any
17 corporate grantee or assignee or the successor of such
18 corporation. Any lands not so divested within the time
19 prescribed shall be sold at public sale in the manner prescribed
20 by law for the foreclosure of a mortgage. In addition, any
21 prospective or threatened violation may be enjoined by an action
22 brought by the Attorney General in the manner provided by law or
23 general rule.

24 Section 7. Repeals.

25 All acts and parts of acts are repealed insofar as they are
26 inconsistent herewith.

27 Section 8. Effective date.

28 This act shall take effect in 60 days.