

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 761 Session of
2011

INTRODUCED BY CUTLER, MIRABITO, BAKER, BOYD, CLYMER, COX,
DENLINGER, FLECK, FREEMAN, GILLEN, GINGRICH, GODSHALL, GRELL,
HARHART, HENNESSEY, HICKERNELL, HUTCHINSON, KAUFFMAN, KORTZ,
LAWRENCE, LONGIETTI, MARSHALL, METZGAR, MILLER, MOUL,
PICKETT, PYLE, REICHLEY, ROAE, ROSS, STERN, SWANGER, TOEPEL,
VULAKOVICH, WATSON, QUINN, FARRY, BEAR, ROCK, CALTAGIRONE,
SAINATO AND MILLARD, FEBRUARY 23, 2011

SENATOR BRUBAKER, FINANCE, IN SENATE, AS AMENDED, APRIL 3, 2012

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 realty transfer tax, further providing for
11 definitions, for excluded transactions ~~and for acquired~~
12 ~~company~~, FOR DOCUMENTS RELATING TO ASSOCIATIONS OR ←
13 CORPORATIONS AND MEMBERS, PARTNERS, STOCKHOLDERS OR ←
14 SHAREHOLDERS THEREOF AND FOR ACQUIRED COMPANY; AND, IN
15 INHERITANCE TAX, FURTHER PROVIDING FOR TRANSFERS NOT SUBJECT
16 TO TAX.

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

19 ~~Section 1. The definitions of "association," "corporation," ←~~
20 ~~"family farm corporation" and "family farm partnership" in~~
21 ~~section 1101 C of the act of March 4, 1971 (P.L.6, No.2), known~~
22 ~~as the Tax Reform Code of 1971, amended July 2, 1986 (P.L.318,~~

1 ~~No.77) and April 23, 1998 (P.L.239, No.45), are amended to read:~~

2 ~~Section 1101-C. Definitions. The following words when used~~
3 ~~in this article shall have the meanings ascribed to them in this~~
4 ~~section:~~

5 ~~"Association." A partnership, limited partnership, limited~~
6 ~~liability partnership or any other form of unincorporated~~
7 ~~enterprise, owned or conducted by two or more persons other than~~
8 ~~a private trust or decedent's estate.~~

9 ~~"Corporation." A corporation, limited liability company,~~
10 ~~joint stock association, business trust or banking institution~~
11 ~~which is organized under the laws of this Commonwealth, the~~
12 ~~United States, or any other state, territory, or foreign~~
13 ~~country, or dependency.~~

14 ~~* * *~~

15 ~~"Family farm [corporation.] business." A corporation or~~
16 ~~association of which at least seventy five per cent of its~~
17 ~~assets are devoted to the business of agriculture and at least~~
18 ~~seventy five per cent of each class of stock of the corporation~~
19 ~~or interest in the association is continuously owned by members~~
20 ~~of the same family. The business of agriculture shall include~~
21 ~~the leasing to members of the same family or the leasing to a~~
22 ~~corporation or association owned by members of the same family~~
23 ~~of property which is directly and principally used for~~
24 ~~agricultural purposes. The business of agriculture shall not be~~
25 ~~deemed to include:~~

26 ~~(1) Recreational activities such as, but not limited to,~~
27 ~~hunting, fishing, camping, skiing, show competition or racing;~~

28 ~~(2) The raising, breeding or training of game animals or~~
29 ~~game birds, fish, cats, dogs or pets or animals intended for use~~
30 ~~in sporting or recreational activities;~~

- 1 ~~(3) Fur farming;~~
2 ~~(4) Stockyard and slaughterhouse operations; or~~
3 ~~(5) Manufacturing or processing operations of any kind.~~

4 ~~["Family farm partnership." A partnership of which at least~~
5 ~~seventy five per cent of its assets are devoted to the business~~
6 ~~of agriculture and at least seventy five per cent of the~~
7 ~~interests in the partnership are continuously owned by members~~
8 ~~of the same family. The business of agriculture shall include~~
9 ~~the leasing to members of the same family of property which is~~
10 ~~directly and principally used for agricultural purposes. The~~
11 ~~business of agriculture shall not be deemed to include:~~

12 ~~(1) recreational activities such as, but not limited to,~~
13 ~~hunting, fishing, camping, skiing, show competition or racing;~~

14 ~~(2) the raising, breeding or training of game animals or~~
15 ~~game birds, fish, cats, dogs or pets or animals intended for use~~
16 ~~in sporting or recreational activities;~~

17 ~~(3) fur farming;~~

18 ~~(4) stockyard and slaughterhouse operations; or~~

19 ~~(5) manufacturing or processing operations of any kind.]~~

20 * * *

21 ~~Section 2. sections 1102 C.3(19), (19.1) and (20) and 1102-~~
22 ~~e.5 of the act, amended or added July 2, 1986 (P.L.318, No.77)-~~
23 ~~and June 16, 1994 (P.L.279, No.48), are amended to read:~~

24 ~~Section 1102 C.3. Excluded Transactions. The tax imposed by~~
25 ~~section 1102 C shall not be imposed upon:~~

26 * * *

27 ~~(19) A transfer of real estate devoted to the business of~~
28 ~~agriculture to a family farm [corporation] business by a member~~
29 ~~of the same family which directly owns at least seventy five per~~
30 ~~cent of each class of the stock thereof or interest therein.~~

1 ~~{(19.1) A transfer of real estate devoted to the business of~~
2 ~~agriculture to a family farm partnership by a member of the same~~
3 ~~family, which family directly owns at least seventy five per~~
4 ~~cent of the interests in the partnership.}~~

5 ~~(20) A transfer between members of the same family of an~~
6 ~~ownership interest in a real estate company[,] or family farm~~
7 ~~{corporation or family farm partnership which} business that~~
8 ~~owns real estate.~~

9 ~~* * *~~

10 ~~Section 1102 C.5. Acquired Company. (a) A real estate~~
11 ~~company is an acquired company upon a change in the ownership~~
12 ~~interest in the company, however effected, if the change:~~

13 ~~(1) does not affect the continuity of the company; and~~

14 ~~(2) of itself or together with prior changes has the effect~~
15 ~~of transferring, directly or indirectly, ninety per cent or more~~
16 ~~of the total ownership interest in the company within a period~~
17 ~~of three years.~~

18 ~~(b) [With respect to real estate acquired after February 16,~~
19 ~~1986, a family farm corporation is an acquired company when,~~
20 ~~because of voluntary or involuntary dissolution, it ceases to be~~
21 ~~a family farm corporation or when, because of issuance or~~
22 ~~transfer of stock or because of acquisition or transfer of~~
23 ~~assets that are devoted to the business of agriculture, it fails~~
24 ~~to meet the minimum requirements of a family farm corporation~~
25 ~~under this act.~~

26 ~~(b.1) A family farm partnership is an acquired company~~
27 ~~when, because of voluntary or involuntary dissolution, it ceases~~
28 ~~to be a family farm partnership or when, because of transfer of~~
29 ~~partnership interests or because of acquisition or transfer of~~
30 ~~assets that are devoted to the business of agriculture, it fails~~

1 ~~to meet the minimum requirements of a family farm partnership~~
2 ~~under this act.] A family farm business is an acquired~~
3 ~~company when, because of voluntary or involuntary dissolution,~~
4 ~~it ceases to be a family farm business, or when, because of the~~
5 ~~issuance or transfer of stock in the corporation or transfer of~~
6 ~~interests in the association or because of an acquisition or~~
7 ~~transfer of assets that are devoted to the business of~~
8 ~~agriculture, it fails to meet the minimum requirements of a~~
9 ~~family farm business under this act.~~

10 ~~(c) Within thirty days after becoming an acquired company,~~
11 ~~the company shall present a declaration of acquisition with the~~
12 ~~recorder of each county in which it holds real estate for the~~
13 ~~affixation of documentary stamps and recording. Such declaration~~
14 ~~shall set forth the value of real estate holdings of the~~
15 ~~acquired company in such county.~~

16 ~~Section 3. This act shall apply retroactively to~~
17 ~~transactions occurring after December 31, 2008.~~

18 ~~Section 4. The provisions of 61 Pa. Code 91.222 (relating~~
19 ~~to family farm corporation) are abrogated.~~

20 ~~Section 5. This act shall take effect immediately.~~

21 SECTION 1. THE DEFINITIONS OF "ASSOCIATION," "FAMILY FARM
22 CORPORATION" AND "FAMILY FARM PARTNERSHIP" IN SECTION 1101-C OF
23 THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM
24 CODE OF 1971, AMENDED JULY 2, 1986 (P.L.318, NO.77) AND APRIL
25 23, 1998 (P.L.239, NO.45), ARE AMENDED AND THE SECTION IS
26 AMENDED BY ADDING A DEFINITION TO READ:

27 SECTION 1101-C. DEFINITIONS.--THE FOLLOWING WORDS WHEN USED
28 IN THIS ARTICLE SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THIS
29 SECTION:

30 "ASSOCIATION." A GENERAL PARTNERSHIP, LIMITED PARTNERSHIP,

1 LIMITED LIABILITY PARTNERSHIP OR ANY OTHER FORM OF
2 UNINCORPORATED ENTERPRISE, OWNED OR CONDUCTED BY TWO OR MORE
3 PERSONS OTHER THAN A PRIVATE TRUST OR DECEDENT'S ESTATE.

4 * * *

5 ["FAMILY FARM CORPORATION." A CORPORATION OF WHICH AT LEAST
6 SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS
7 OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER CENT OF EACH CLASS
8 OF STOCK OF THE CORPORATION IS CONTINUOUSLY OWNED BY MEMBERS OF
9 THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE
10 LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS
11 DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE
12 BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:

13 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,
14 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

15 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
16 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE
17 IN SPORTING OR RECREATIONAL ACTIVITIES;

18 (3) FUR FARMING;

19 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

20 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

21 "FAMILY FARM PARTNERSHIP." A PARTNERSHIP OF WHICH AT LEAST
22 SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED TO THE BUSINESS
23 OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER CENT OF THE
24 INTERESTS IN THE PARTNERSHIP ARE CONTINUOUSLY OWNED BY MEMBERS
25 OF THE SAME FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE
26 THE LEASING TO MEMBERS OF THE SAME FAMILY OF PROPERTY WHICH IS
27 DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL PURPOSES. THE
28 BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO INCLUDE:

29 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,
30 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

1 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
2 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE
3 IN SPORTING OR RECREATIONAL ACTIVITIES;

4 (3) FUR FARMING;

5 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

6 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.]

7 "FAMILY FARM BUSINESS." A CORPORATION OR ASSOCIATION OF
8 WHICH AT LEAST SEVENTY-FIVE PER CENT OF ITS ASSETS ARE DEVOTED
9 TO THE BUSINESS OF AGRICULTURE AND AT LEAST SEVENTY-FIVE PER
10 CENT OF EACH CLASS OF STOCK OF THE CORPORATION OR THE INTERESTS
11 IN THE ASSOCIATION IS CONTINUOUSLY OWNED BY MEMBERS OF THE SAME
12 FAMILY. THE BUSINESS OF AGRICULTURE SHALL INCLUDE THE LEASING TO
13 MEMBERS OF THE SAME FAMILY OR THE LEASING TO A CORPORATION OR
14 ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY OF PROPERTY
15 WHICH IS DIRECTLY AND PRINCIPALLY USED FOR AGRICULTURAL
16 PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE DEEMED TO
17 INCLUDE:

18 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,
19 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;

20 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
21 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE
22 IN SPORTING OR RECREATIONAL ACTIVITIES;

23 (3) FUR FARMING;

24 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR

25 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

26 * * *

27 SECTION 2. SECTION 1102-C.3(19), (19.1) AND (20) OF THE ACT,
28 AMENDED OR ADDED JULY 2, 1986 (P.L.318, NO.77) AND JUNE 16, 1994
29 (P.L.279, NO.48), ARE AMENDED TO READ:

30 SECTION 1102-C.3. EXCLUDED TRANSACTIONS.--THE TAX IMPOSED BY

1 SECTION 1102-C SHALL NOT BE IMPOSED UPON:

2 * * *

3 (19) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF
4 AGRICULTURE TO A FAMILY FARM [CORPORATION] BUSINESS BY:

5 (I) A MEMBER OF THE SAME FAMILY WHICH DIRECTLY OWNS AT LEAST
6 SEVENTY-FIVE PER CENT OF [EACH CLASS OF THE STOCK THEREOF] THE
7 INTERESTS IN THAT FAMILY FARM BUSINESS; OR

8 (II) A FAMILY FARM BUSINESS, WHICH FAMILY DIRECTLY OWNS AT
9 LEAST SEVENTY-FIVE PER CENT OF THE INTERESTS IN THAT FAMILY FARM
10 BUSINESS.

11 [(19.1) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF
12 AGRICULTURE TO A FAMILY FARM PARTNERSHIP BY A MEMBER OF THE SAME
13 FAMILY, WHICH FAMILY DIRECTLY OWNS AT LEAST SEVENTY-FIVE PER
14 CENT OF THE INTERESTS IN THE PARTNERSHIP.]

15 (20) A TRANSFER BETWEEN MEMBERS OF THE SAME FAMILY OF AN
16 OWNERSHIP INTEREST IN A REAL ESTATE COMPANY[,] OR FAMILY FARM
17 [CORPORATION OR FAMILY FARM PARTNERSHIP WHICH] BUSINESS THAT
18 OWNS REAL ESTATE.

19 * * *

20 SECTION 3. SECTION 1102-C.4 OF THE ACT, ADDED JULY 2, 1986
21 (P.L.318, NO.77), IS AMENDED TO READ:

22 SECTION 1102-C.4. DOCUMENTS RELATING TO ASSOCIATIONS OR
23 CORPORATIONS AND MEMBERS, PARTNERS, STOCKHOLDERS OR SHAREHOLDERS
24 THEREOF.--EXCEPT AS OTHERWISE PROVIDED IN [SECTION] SECTIONS
25 1102-C.3 AND 1102-C.5, DOCUMENTS WHICH MAKE, CONFIRM OR EVIDENCE
26 ANY TRANSFER OR DEVISE OF TITLE TO REAL ESTATE BETWEEN
27 ASSOCIATIONS OR CORPORATIONS AND THE MEMBERS, PARTNERS,
28 SHAREHOLDERS OR STOCKHOLDERS THEREOF ARE FULLY TAXABLE. FOR THE
29 PURPOSES OF THIS ARTICLE, CORPORATIONS AND ASSOCIATIONS ARE
30 ENTITIES SEPARATE FROM THEIR MEMBERS, PARTNERS, STOCKHOLDERS OR

1 SHAREHOLDERS.

2 SECTION 4. SECTION 1102-C.5 OF THE ACT, AMENDED OR ADDED
3 JULY 2, 1986 (P.L.318, NO.77) AND JUNE 16, 1994 (P.L.279,
4 NO.48), IS AMENDED TO READ:

5 SECTION 1102-C.5. ACQUIRED COMPANY.-- (A) A REAL ESTATE
6 COMPANY IS AN ACQUIRED COMPANY UPON A CHANGE IN THE OWNERSHIP
7 INTEREST IN THE COMPANY, HOWEVER EFFECTED, IF THE CHANGE:

8 (1) DOES NOT AFFECT THE CONTINUITY OF THE COMPANY; AND

9 (2) OF ITSELF OR TOGETHER WITH PRIOR CHANGES HAS THE EFFECT
10 OF TRANSFERRING, DIRECTLY OR INDIRECTLY, NINETY PER CENT OR MORE
11 OF THE TOTAL OWNERSHIP INTEREST IN THE COMPANY WITHIN A PERIOD
12 OF THREE YEARS.

13 [(B) WITH RESPECT TO REAL ESTATE ACQUIRED AFTER FEBRUARY 16,
14 1986, A FAMILY FARM CORPORATION IS AN ACQUIRED COMPANY WHEN,
15 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE
16 A FAMILY FARM CORPORATION OR WHEN, BECAUSE OF ISSUANCE OR
17 TRANSFER OF STOCK OR BECAUSE OF ACQUISITION OR TRANSFER OF
18 ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS
19 TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM CORPORATION
20 UNDER THIS ACT.

21 (B.1) A FAMILY FARM PARTNERSHIP IS AN ACQUIRED COMPANY WHEN,
22 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE
23 A FAMILY FARM PARTNERSHIP OR WHEN, BECAUSE OF TRANSFER OF
24 PARTNERSHIP INTERESTS OR BECAUSE OF ACQUISITION OR TRANSFER OF
25 ASSETS THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS
26 TO MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM PARTNERSHIP
27 UNDER THIS ACT.]

28 (B.2) A FAMILY FARM BUSINESS IS AN ACQUIRED COMPANY WHEN,
29 BECAUSE OF VOLUNTARY OR INVOLUNTARY DISSOLUTION, IT CEASES TO BE
30 A FAMILY FARM BUSINESS OR WHEN, BECAUSE OF THE ISSUANCE OR

1 TRANSFER OF STOCK IN THE CORPORATION OR TRANSFER OF INTERESTS IN
2 THE ASSOCIATION OR BECAUSE OF ACQUISITION OR TRANSFER OF ASSETS
3 THAT ARE DEVOTED TO THE BUSINESS OF AGRICULTURE, IT FAILS TO
4 MEET THE MINIMUM REQUIREMENTS OF A FAMILY FARM BUSINESS UNDER
5 THIS ARTICLE.

6 (B.3) THE CONVEYANCE OF ASSETS HELD BY ONE FAMILY FARM
7 BUSINESS TO ANOTHER FAMILY FARM BUSINESS SHALL NOT BE CONSIDERED
8 A TRANSFER OF ASSETS UNDER THIS ARTICLE IF THE SAME INDIVIDUALS
9 HOLD AT LEAST FIFTY PER CENT OF THE OWNERSHIP INTEREST IN EACH
10 FAMILY FARM BUSINESS.

11 (C) WITHIN THIRTY DAYS AFTER BECOMING AN ACQUIRED COMPANY,
12 THE COMPANY SHALL PRESENT A DECLARATION OF ACQUISITION WITH THE
13 RECORDER OF EACH COUNTY IN WHICH IT HOLDS REAL ESTATE FOR THE
14 AFFIXATION OF DOCUMENTARY STAMPS AND RECORDING. SUCH DECLARATION
15 SHALL SET FORTH THE VALUE OF REAL ESTATE HOLDINGS OF THE
16 ACQUIRED COMPANY IN SUCH COUNTY.

17 SECTION 5. SECTION 2102 OF THE ACT IS AMENDED BY ADDING
18 DEFINITIONS TO READ:

19 SECTION 2102. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
20 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANINGS
21 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
22 CLEARLY INDICATES A DIFFERENT MEANING:

23 * * *

24 "BUSINESS OF AGRICULTURE." THE TERM SHALL INCLUDE THE
25 LEASING TO MEMBERS OF THE SAME FAMILY OR THE LEASING TO A
26 CORPORATION OR ASSOCIATION OWNED BY MEMBERS OF THE SAME FAMILY
27 OF PROPERTY WHICH IS DIRECTLY AND PRINCIPALLY USED FOR
28 AGRICULTURAL PURPOSES. THE BUSINESS OF AGRICULTURE SHALL NOT BE
29 DEEMED TO INCLUDE:

30 (1) RECREATIONAL ACTIVITIES SUCH AS, BUT NOT LIMITED TO,

1 HUNTING, FISHING, CAMPING, SKIING, SHOW COMPETITION OR RACING;
2 (2) THE RAISING, BREEDING OR TRAINING OF GAME ANIMALS OR
3 GAME BIRDS, FISH, CATS, DOGS OR PETS OR ANIMALS INTENDED FOR USE
4 IN SPORTING OR RECREATIONAL ACTIVITIES;
5 (3) FUR FARMING;
6 (4) STOCKYARD AND SLAUGHTERHOUSE OPERATIONS; OR
7 (5) MANUFACTURING OR PROCESSING OPERATIONS OF ANY KIND.

8 * * *

9 "MEMBERS OF THE SAME FAMILY." ANY INDIVIDUAL, SUCH
10 INDIVIDUAL'S BROTHERS AND SISTERS, THE BROTHERS AND SISTERS OF
11 SUCH INDIVIDUAL'S PARENTS AND GRANDPARENTS, THE ANCESTORS AND
12 LINEAL DESCENDENTS OF ANY OF THE FOREGOING, A SPOUSE OF ANY OF
13 THE FOREGOING AND THE ESTATE OF ANY OF THE FOREGOING.
14 INDIVIDUALS RELATED BY THE HALF BLOOD OR LEGAL ADOPTION SHALL BE
15 TREATED AS IF THEY WERE RELATED BY THE WHOLE BLOOD.

16 * * *

17 SECTION 6. SECTION 2111 OF THE ACT IS AMENDED BY ADDING A
18 SUBSECTION TO READ:

19 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--* * *

20 (S) A TRANSFER OF REAL ESTATE DEVOTED TO THE BUSINESS OF
21 AGRICULTURE BETWEEN MEMBERS OF THE SAME FAMILY, PROVIDED THAT
22 AFTER THE TRANSFER THE REAL ESTATE CONTINUES TO BE DEVOTED TO
23 THE BUSINESS OF AGRICULTURE FOR A PERIOD OF SEVEN YEARS BEYOND
24 THE TRANSFEROR'S DATE OF DEATH AND THE REAL ESTATE DERIVES A
25 YEARLY GROSS INCOME OF AT LEAST TWO THOUSAND DOLLARS (\$2,000),
26 PROVIDED THAT:

27 (1) ANY TRACT OF LAND UNDER THIS ARTICLE WHICH IS NO LONGER
28 DEVOTED TO THE BUSINESS OF AGRICULTURE WITHIN SEVEN YEARS BEYOND
29 THE TRANSFEROR'S DATE OF DEATH SHALL BE SUBJECT TO INHERITANCE
30 TAX DUE THE COMMONWEALTH UNDER SECTION 2107, IN THE AMOUNT THAT

1 WOULD HAVE BEEN PAID OR PAYABLE ON THE BASIS OF VALUATION
2 AUTHORIZED UNDER SECTION 2121 FOR NONEXEMPT TRANSFERS OF
3 PROPERTY, PLUS INTEREST THEREON ACCRUING AS OF THE TRANSFEROR'S
4 DATE OF DEATH, AT THE RATE ESTABLISHED IN SECTION 2143.

5 (2) ANY TAX IMPOSED UNDER SECTION 2107 SHALL BE A LIEN IN
6 FAVOR OF THE COMMONWEALTH UPON THE PROPERTY NO LONGER BEING
7 DEVOTED TO AGRICULTURAL USE, COLLECTIBLE IN THE MANNER PROVIDED
8 FOR BY LAW FOR THE COLLECTION OF DELINQUENT REAL ESTATE TAXES,
9 AS WELL AS THE PERSONAL OBLIGATION OF THE OWNER OF THE PROPERTY
10 AT THE TIME OF THE CHANGE OF USE.

11 (3) EVERY OWNER OF REAL ESTATE EXEMPT UNDER THIS SUBSECTION
12 SHALL CERTIFY TO THE DEPARTMENT ON AN ANNUAL BASIS THAT THE LAND
13 QUALIFIES FOR THIS EXEMPTION AND SHALL NOTIFY THE DEPARTMENT
14 WITHIN THIRTY DAYS OF ANY TRANSACTION OR OCCURRENCE CAUSING THE
15 REAL ESTATE TO FAIL TO QUALIFY FOR THE EXEMPTION. EACH YEAR THE
16 DEPARTMENT SHALL INFORM ALL OWNERS OF THEIR OBLIGATION TO
17 PROVIDE AN ANNUAL CERTIFICATION UNDER THIS SUBCLAUSE. THIS
18 CERTIFICATION AND NOTIFICATION SHALL BE COMPLETED IN THE FORM
19 AND MANNER AS PROVIDED BY THE DEPARTMENT.

20 SECTION 7. A REFERENCE IN ANY LAW TO THE FORMER DEFINITION
21 OF "FAMILY FARM CORPORATION" OR "FAMILY FARM PARTNERSHIP" IN
22 SECTION 1101-C OF THE ACT SHALL BE DEEMED TO BE REFERENCES TO A
23 "FAMILY FARM BUSINESS" UNDER SECTION 1101-C OF THE ACT.

24 SECTION 8. THE AMENDMENT OF ARTICLE XXI OF THE ACT SHALL
25 APPLY TO THE ESTATES OF DECEDENTS DYING AFTER DECEMBER 31, 2011.

26 SECTION 9. THE AMENDMENT OF ARTICLE XI-C OF THE ACT SHALL BE
27 RETROACTIVE TO ANY DOCUMENT MADE, EXECUTED, DELIVERED, ACCEPTED
28 OR PRESENTED FOR RECORDING ON OR AFTER JULY 1, 2010.

29 SECTION 10. THE PROVISIONS OF 61 PA. CODE § 91.222 (RELATING
30 TO ACQUIRED FAMILY FARM PARTNERSHIP) ARE ABROGATED.

1 SECTION 11. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.