
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1388 Session of
2012

INTRODUCED BY FERLO, FONTANA, ORIE, SCHWANK, VANCE, HUGHES AND
GREENLEAF, JANUARY 26, 2012

REFERRED TO FINANCE, JANUARY 26, 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 and for acquired company.

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

14 Section 1. The definition of "real estate company" in
15 section 1101-C of the act of March 4, 1971 (P.L.6, No.2), known
16 as the Tax Reform Code of 1971, amended July 2, 1986 (P.L.318,
17 No.77), is amended to read:

18 Section 1101-C. Definitions.--The following words when used
19 in this article shall have the meanings ascribed to them in this
20 section:

21 * * *

22 "Real estate company." Either of the following:

1 (1) A corporation or association which is primarily engaged
2 in the business of holding, selling or leasing real estate
3 ninety per cent or more of the ownership interest in which is
4 held by thirty-five or fewer persons and which:

5 [(1)] (i) derives sixty per cent or more of its annual gross
6 receipts from the ownership or disposition of real estate; or

7 [(2)] (ii) holds real estate, the value of which comprises
8 [ninety] fifty per cent or more of the value of its entire
9 tangible asset holdings exclusive of tangible assets which are
10 freely transferable and actively traded on an established
11 market.

12 (2) A corporation or association which holds, directly or
13 indirectly, as ninety per cent or more of the value of its
14 assets, an interest in a real estate company.

15 For purposes of this definition only, real estate shall not be
16 limited to interests located within this Commonwealth.

17 * * *

18 Section 2. Section 1102-C.5 of the act, amended or added
19 July 2, 1986 (P.L.318, No.77) and June 16, 1994 (P.L.279,
20 No.48), is amended to read:

21 Section 1102-C.5. Acquired Company.--(a) A real estate
22 company is an acquired company upon a change in the ownership
23 interest in the company, however effected, if the change:

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

25 (2) of itself or together with prior changes has the effect
26 of transferring, directly or indirectly, ninety per cent or more
27 of the total ownership interest in the company within a period
28 of three years.

29 For purposes of this subsection, a transfer shall be deemed to
30 have occurred within a period of three years of another transfer

1 or transfers if a legally binding commitment to execute that
2 transfer was made within that period. The tax shall be measured
3 by the value of the cumulative percentage of change.

4 (b) With respect to real estate acquired after February 16,
5 1986, a family farm corporation is an acquired company when,
6 because of voluntary or involuntary dissolution, it ceases to be
7 a family farm corporation or when, because of issuance or
8 transfer of stock or because of acquisition or transfer of
9 assets that are devoted to the business of agriculture, it fails
10 to meet the minimum requirements of a family farm corporation
11 under this act.

12 (b.1) A family farm partnership is an acquired company when,
13 because of voluntary or involuntary dissolution, it ceases to be
14 a family farm partnership or when, because of transfer of
15 partnership interests or because of acquisition or transfer of
16 assets that are devoted to the business of agriculture, it fails
17 to meet the minimum requirements of a family farm partnership
18 under this act.

19 (c) Within thirty days after becoming an acquired company,
20 the company shall present a declaration of acquisition with the
21 recorder of each county in which it holds real estate for the
22 affixation of documentary stamps and recording. Such declaration
23 shall set forth the value of real estate holdings of the
24 acquired company in such county.

25 Section 3. This act shall take effect in 60 days.