

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 48 Session of 2013

INTRODUCED BY BLOOM, BENNINGHOFF, F. KELLER, METCALFE, BAKER, STEPHENS, SAYLOR, NEILSON, KNOWLES, SWANGER, MALONEY, GINGRICH, MILLARD, TOEPEL, HESS, TALLMAN, EMRICK, MUSTIO, DAVIDSON, DUNBAR, MUNDY, C. HARRIS, AUMENT, HARKINS, STERN, LONGIETTI, CLYMER, BARRAR, FABRIZIO, KORTZ, TRUITT, MARSICO, V. BROWN, FLECK, HAHN, BOBACK, MACKENZIE, KAUFFMAN, MCNEILL, O'NEILL, HARHART, STEVENSON, BRADFORD, CUTLER, ROCK, GROVE, COX, KAVULICH, R. BROWN, M. K. KELLER, MCGINNIS, LUCAS, JAMES, HICKERNELL, PICKETT, GIBBONS, DENLINGER, LAWRENCE, MOUL, SCHEGEL CULVER, EVERETT AND SANKEY, JANUARY 10, 2013

REFERRED TO COMMITTEE ON FINANCE, JANUARY 10, 2013

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," further providing for transfers not subject to
 11 tax.

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

14 Section 1. Section 2111 of the act of March 4, 1971 (P.L.6,
 15 No.2), known as the Tax Reform Code of 1971, is amended by
 16 adding a subsection to read:

17 Section 2111. Transfers Not Subject to Tax.--* * *

18 (t) The following shall apply:

1 (1) A transfer of all business assets, including real estate
2 between members of the same family, provided that:

3 (i) After the transfer, all assets, including real estate,
4 continue to be devoted to the same business for a period of five
5 years beyond the transferor's date of death. An asset under this
6 article which is no longer devoted to the same business within
7 five years beyond the transferor's date of death shall be
8 subject to inheritance tax due the Commonwealth under section
9 2107, in the amount that would have been paid or payable on the
10 basis of valuation authorized under section 2121 for nonexempt
11 transfers of property, plus interest accruing as of the
12 transferor's date of death, at the rate established in section
13 2143.

14 (ii) A tax imposed under section 2107 shall be a lien in
15 favor of the Commonwealth upon the property no longer being
16 devoted to the same use, collectible in the manner provided for
17 by law for the collection of delinquent taxes, including the
18 personal obligation of the owner of the property at the time of
19 the change of use.

20 (iii) Every owner of any asset exempt under this subsection
21 shall certify to the department on an annual basis that the
22 asset qualifies for this exemption and shall notify the
23 department within thirty days of any transaction or occurrence
24 causing any asset to fail to qualify for the exemption. Each
25 year the department shall inform all owners of their obligation
26 to provide an annual certification under this subparagraph. The
27 certification and notification shall be completed in the form
28 and manner as provided by the department.

29 (2) Subclause (1) shall apply to the transfer of assets if
30 the business is owned wholly by members of the same family

1 before the transfer. For the purposes of this subsection,
2 business assets shall also include any asset leased to a
3 business owned wholly by members of the same family before the
4 transfer by a member of the same family.

5 Section 2. The addition of section 2111(t) of the act shall
6 apply to the estates of decedents dying after June 30, 2013.

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