

## No. 1980-15

## AN ACT

## HB 725

Amending the act of December 19, 1974 (P.L.973, No.319), entitled "An act prescribing the procedure under which an owner may have land devoted to agricultural use, agricultural reserve use, or forest reserve use, valued for tax purposes at the value it has for such uses, and providing for reassessment and certain interest payments when such land is applied to other uses and making editorial changes," adding definitions, and further providing for continuation of preferential use assessments when the division of land does not result in a use change, recordation or preferential use assessment agreements and for transfers on the death of the owner.

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

Section 1. Section 2, act of December 19, 1974 (P.L.973, No.319), known as the "Pennsylvania Farmland and Forest Land Assessment Act of 1974," is amended by adding definitions to read:

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

\* \* \*

**"Roll-back tax."** *The amount equal to the difference between the taxes paid or payable on the basis of the valuation and the assessment authorized hereunder and the taxes that would have been paid or payable had that land been valued, assessed and taxed as other land in the taxing district in the current tax year, the year of change, and in six of the previous tax years or the number of years of preferential assessment up to seven.*

**"Separation."** *A division, by conveyance or other action of the owner of lands devoted to agricultural use, agricultural reserve or forest reserve and preferentially assessed under the provisions of this act into two or more tracts of land, the use of which continues to be agricultural, agricultural reserve or forest reserve and all tracts so formed meet the requirements of section 3.*

**"Split-off."** *A division, by conveyance or other action of the owner, of lands devoted to agricultural use, agricultural reserve or forest reserve and preferentially assessed under the provisions of this act into two or more tracts of land, the use of which on one or more of such tracts does not meet the requirements of section 3.*

Section 2. Section 4 of the act is amended by adding a subsection to read:

Section 4. Applications for Preferential Assessments.—\* \* \*

*(d) The approved application for preferential assessment shall be recorded by the county board for assessment appeals in the office of*

*the recorder of deeds for the county in a preferential assessment docket.*

Section 3. Section 6 and subsection (c) of section 8 are amended to read:

Section 6. Separation [or], Split-off *or Transfer*.—(a) [Separation or] *The 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, except when the [separation] split-off occurs through condemnation, subject the land so [separated] divided and the entire parcel from which the land was [separated] divided to liability for the roll-back taxes as set forth in section 8 of this act except as provided in subsection (b).*

(b) The owner of property subject to a preferential tax assessment may [transfer] *split-off* land covered by the preferential tax assessment: Provided, That the tract of land so [transferred] *split-off* shall not exceed two acres annually and may only be used for residential, agricultural, or forest reserve use during such time as the land retained shall continue to receive preferential tax assessment and the construction of a residential dwelling to be occupied by the person to whom the land is transferred: And further provided, That the total parcel or parcels of land so [transferred] *split-off* under the provisions of this subsection shall not exceed ten percent or ten acres, whichever is lesser, of the entire tract subject to the preferential tax assessment. Any person may bring an action in equity to enjoin any use of the land inconsistent with the use provided in this subsection. Such land shall be subject to roll-back taxes due for each parcel [separated] *split-off* and for such period of time as provided by section 8 of this act. The [transfer] *split-off* of a parcel of land which meets the requirements of this section shall not invalidate the preferential tax assessment and the land retained by the landowner shall continue to be eligible for use value assessment if it continues to meet the [minimum acreage or, if devoted to agricultural use, gross income] requirements [established by] of section 3 of this act.

(c) *The owner of property subject to a preferential use assessment may separate land covered by the preferential use assessment. When a separation occurs, all tracts formed thereby shall continue to receive preferential use assessment, unless a subsequent abandonment of preferential use occurs within seven years of the separation. Such abandonment shall subject the entire tract of land so separated to liability for the roll-back taxes, which are to be paid by the person changing the use, as set forth in section 8. After seven years from the date of the occurrence of the separation, only that portion whose use has been abandoned shall be subject to the roll-back taxes as set forth in section 8.*

*(d) When property subject to preferential tax assessment is separated among the beneficiaries designated as class A for inheritance tax purposes of the owner receiving the benefit of preferential tax assessment as a result of the death of the owner a subsequent change in the use of one such beneficiary's portion of the property shall not subject any other beneficiary's portion of the property due roll-back taxes. Roll-back taxes shall be due only in accord with provisions of section 8 on the tract held by the beneficiary who changes the use of any portion of his or her inheritance.*

**[(c)] (e)** Any change in use **[of a separation or split-off]** of land **subject to a preferential use assessment** shall be in compliance with the zoning ordinances of the local municipality, if in effect.

Section 8. Determination of Amounts of Taxes When Use Abandoned.—\* \* \*

(c) Within five working days after receipt of a notice from the owner of a property, which is preferentially assessed, of a proposed change in the use of the land, *to one not meeting the requirements of section 3, or a split-off of a portion of the land, [or a conveyance of the land, as provided for under section 4(c),]* the county assessor shall:

(1) Calculate by years the total of all roll-back taxes due at the time of change and shall notify the property owner of such amounts. In the case of a conveyance of all or part of said land, he shall notify the prospective buyer, if known, of such amounts.

(2) With respect to the roll-back taxes for the current year, he shall notify the taxing bodies of the district in which the property is located of the additional amount of assessment upon which taxes shall be levied and collected. In the case of county property taxes, he shall notify the tax collector of the appropriate district of additional county tax to be collected.

(3) With respect to roll-back taxes for years prior to the current year which the assessor has determined to be due, he shall file a claim for such amounts with the tax claim bureau or the county treasurer, as the case may be, which upon said filing shall constitute a lien having the same force and effect as if filed by the taxing bodies.

Section 4. This act shall take effect immediately.

APPROVED—The 24th day of March, A. D. 1980.

DICK THORNBURGH