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Future of PA Family Farms



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State House Approves Two Bills to Strengthen Future of Pennsylvania Family Farms

(Camp Hill) – Pennsylvania Farm Bureau (PFB) praised members of the state House of Representatives for overwhelmingly passing two bills that will help preserve the economic viability of Pennsylvania family farms.

House Bill 1864, which was approved by a 190-1 vote, exempts from inheritance taxation the passage of farm assets from a deceased family member to brothers and sisters and to children, grandchildren and others in the direct family line.

"Pennsylvania families currently pay inheritance taxes essentially on the first dollar of value of the decedent's taxable estate. Since many farmers are land rich, but cash poor, they may be forced to sell off assets or farmland in order to pay off inheritance taxes. Such action can reduce the productivity of the farm and threaten its viability in the future," said PFB President Carl T. Shaffer.

PFB specifically applauded the efforts of the bill's sponsor, Representative Steven Bloom (R-Cumberland), whose hard work and leadership resulted in strong bipartisan support for the landmark legislation.

Meanwhile, House Bill 761, which was unanimously approved by a 191-0 vote, provides an exemption from realty transfer taxation for conveyances of farm property made in the course of reorganization of a family-owned farm business to a limited, or limited liability, partnership or to a corporation managed by the same family.

"Families in non-farming businesses in Pennsylvania are already provided an exemption from realty transfer taxes when they reorganize and put their assets in the name of the business created through reorganization. The legislation would simply allow farm families who want to change their current business structure into a more helpful one for the family, like a limited partnership, the same exemption from realty transfer taxation as other families wanting to reorganize their businesses," added Shaffer.

Farm Bureau notes that the exemption would be allowed under the bill when a family farm corporation or family farm partnership transfers property to a general, limited, or limited liability partnership where 75 percent of the property is held by members of the same family making up the family farm corporation or family farm partnership.

PFB specifically recognized the efforts of the bill's sponsor, Representative Bryan Cutler (R-

Lancaster), and key co-sponsor, Representative Rick Mirabito (D-Lycoming), for achieving unanimous support for the bill, which will eliminate inequitable tax treatment being currently applied to farm families trying to reorganize their farm businesses.

Both bills now move to the state Senate, where PFB is urging their swift passage.

“Enactment of the two bills will likely benefit rural communities and the state’s economy, because family farms in Pennsylvania typically spend a vast majority of their income close to home, supporting local businesses and jobs, along with agriculture-related businesses. Keeping family farms viable also helps meet the public’s increasing demand for more products grown in Pennsylvania,” concluded Shaffer.

Pennsylvania Farm Bureau is the state’s largest farm organization with a volunteer membership of more than 53,000 farm and rural families, representing farms of every size and commodity across Pennsylvania.

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