

# Lower Your Property Taxes With Clean And Green

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**This information will be updated soon to reflect recent amendments to Clean and Green Laws.**

The purpose of this publication is to help you know and understand more about this important issue. The material is general and educational in nature. It is not intended to be legal advice. If you need legal advice, you are encouraged to seek the aid of a competent professional in your area.

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## **This Pamphlet May Be Useful To You If:**

- ❑ You own agricultural or forest land and would like to pay lower property taxes, or
- ❑ You are currently enrolled in Clean and Green and would like to know about recent changes that may save you money.

Clean and Green is a land conservation program that lowers the property tax rate for landowners who enroll in the program. Landowners are obligated to devote their land to agricultural use, agricultural reserve use, or forest reserve use in order to qualify for lower property taxes. Landowners who want to exit the program are required to pay roll-back taxes and interest for up to seven years.

## **You Might Qualify for Clean and Green if:**

- ❑ You own 10 acres or more of agricultural land, or
- ❑ You own less than 10 acres of agricultural land, but gross more than \$2,000 income from the land, or
- ❑ You own 10 acres or more of forest land.

## Why Wouldn't I Want to Enroll in Clean and Green?

You might **not** want to enroll your land in Clean and Green if you plan to sell your land or part of your land within the next several years. Enrolling in the Clean and Green program may lower the value of your land because if a new owner wants to change the use of the land he may have to pay roll-back taxes and interest for up to seven years.

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## What's New For Currently Enrolled Landowners?

At the end of 1998, the Pennsylvania Legislature made numerous amendments to the Clean and Green program. The Department of Agriculture published interim regulations on June 19, 1999, to supplement the statute until permanent regulations can be enacted. Recent changes include:

- ❑ Requiring that farmstead land be included as land that is devoted to agricultural use, agricultural reserve use, or forest reserve use.
  - ❑ Requiring the Department of Agriculture to establish maximum tax rate values for each county.
  - ❑ Prohibiting county assessors from imposing any requirements other than those provided by statute and regulation.
  - ❑ Requiring counties to accept all complete and accurate Clean and Green applications if the applications meet the statutory and regulatory requirements.
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An effective way of saving property taxes in Pennsylvania is to enroll farmland or forest land in the Clean and Green program. This publication describes the Clean and Green program's requirements.

The primary goal of the Clean and Green program is to encourage landowners to preserve agricultural land by providing tax savings for preservation. Many farmers in Pennsylvania are facing financial difficulty, and the answer for some has been to sell their farms for development

Clean and Green creates an incentive for landowners to continue to devote their land to agricultural or forest use by giving reduced property tax rates to those who enroll in the program. The program creates a preferential assessment rate (Clean and Green tax rate) whereby land that is enrolled in the program is taxed at the use value of the land rather than the fair market value. Further, the program creates a disincentive for landowners to sell their land for development or commercial purposes after it is enrolled in the program by requiring that roll-back taxes be paid for up to seven years if the program's requirements are violated.

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#### **a. What land can I enroll in the Clean and Green?**

To be eligible to be enrolled in the Clean and Green program land must be devoted to one of the following three qualifying uses: agricultural use, agricultural reserve, and forest reserve use.

**Agricultural Use** is defined as land which is used for the purpose of producing an agricultural commodity.

**Agricultural Reserve Use** is defined as noncommercial open space lands used for outdoor recreation or scenic enjoyment. If you classify your land as an agricultural reserve, it must be open to the public without charge on a non-discriminatory basis. Agricultural reserve land is the only category of land under the Clean and Green program that must be open to public.

**Forest Reserve Use** is defined as land, ten acres or more, stocked by forest trees of any size that are capable of producing timber or other wood products.

In addition to restricting land to qualifying uses, the Clean and Green program has minimum requirements for each qualifying use that must be met before land can be enrolled. Land eligible under the agricultural use category must have been in agriculture for 3 years preceding the application **and** be either 10 contiguous acres or more in area or have a yearly gross income of \$2,000 or more. For example, if you own 10 acres of land that has been in agricultural use for 3 years, you may enroll your land in Clean and Green no matter how much income the land produces. However, if you own less than 10 acres of land, you must make at least \$2,000 dollars per year from the land in order to qualify for the Clean and Green program. (NOTE: Contiguous tracts of land that are beside each other and are part of the same operational unit. If you have two tracts of land that are separated by a road but you use both tracts of land to support your farm, the tracts are contiguous).

The only requirement for both agricultural reserve use and forest reserve use is that you must own at least ten acres. If you own less than ten acres, you cannot enroll land in one of these categories no matter how much income is produced from the land.

## Qualifying Uses:

### **Agricultural Use---**

- ❑ 10 acre minimum, **or**
- ❑ If less than 10 acres, the land produces \$2,000 or more of gross income, **and**
- ❑ Land must have been in agriculture for the past three years.

### **Agriculture Reserve Use---**

- ❑ 10 acre minimum, **and**
- ❑ Land must be open to the public without charge.

### **Forest Reserve Use---**

- ❑ 10 acre minimum

## **b. What if I own a tract of agricultural land that is not 10 acres and that does not meet the income requirement?**

If you own a tract of land that does not meet the minimum requirements of the program you cannot enroll it under Clean and Green unless it is contiguous to another tract you own. If by taking tracts of land together you meet the Clean and Green requirements, you may enroll both tracts of land in the program even if they are separately deeded.

## **c. What if all my land is not used for agriculture?**

If you have several uses on a single tract of land but only some of the uses qualify for the Clean and Green tax rate, you may still enroll in Clean and Green. You need to include all of the tract on the application, but only the portions of the tract that are devoted to a qualifying use will be given the Clean and Green tax rate. In such a case, the portion of land devoted to a qualifying use must meet the acreage and/or gross income requirements of the program.

## **d. Do I have to enroll all of my land in the program?**

One requirement of the Clean and Green program is that all contiguous land described in one deed must be enrolled in the program. This means that if your deed describes two tracts of land that are next to each other and are part of one operational unit, both tracts of land must be enrolled in the program. However, if you own two tracts of land that are not contiguous, you do not have to enroll both of the non-contiguous tracts.

**e. May a county impose any additional requirements?**

Counties may not require that you reside in the county before enrolling your land in the Clean and Green program. Also, county assessors are not permitted to add any other requirements or conditions of eligibility in addition to the ones given by statute and regulation. If the provisions of the statute and regulations are met, the county board of assessment appeals must accept your Clean and Green application.

**f. How long must I stay in the program?**

The general rule of the Clean and Green program is that after your land is enrolled, you are obligated to continue using your land in a qualified use indefinitely or face the penalty of roll-back taxes plus interest. The roll-back tax is the difference between the taxes paid based on the Clean and Green rate and the taxes that you would have paid if your land was not enrolled in Clean and Green. Roll-back taxes are due for the year of change and six of the previous tax years for a total of up to seven years. Land that has been in Clean and Green for more than seven years is only subject to roll-back for the seven most recent tax years. In addition to the tax, interest is imposed on each year's roll-back tax at a rate of six percent per year.

**g. What happens if I want to sell part or all of my land?**

You are still able to sell your land that is enrolled under the Clean and Green program without paying roll-back taxes or interest as long as you sell all of your land or follow the program's requirements for a separation or split-off. If you sell all of your land, the buyer will be obligated to continue using the land in a qualified use or pay roll-back taxes and interest.

**h. What are separations and split-offs?**

A separation of land is the division of Clean and Green land into two or more tracts of land, each of which meets the minimum requirements of the program. In essence, each tract is able to be enrolled in Clean and Green because each tract meets the program's requirements. Separation does not trigger roll-back taxes or losing Clean and Green status as long as all of the land continues to be used in a qualified use. If the owner of a separated tract changes the qualified use, the owner faces the obligation to pay roll-back taxes on the separated tract and the original tract from which it came if the change in use is made within seven years after the separation. Abandoning the qualified use more than seven years after the separation subjects only the separated tract to roll-back taxes.

For example, if you own 100 acres that is enrolled in the Clean and Green program and you sell 50 acres to your neighbor, neither you or your neighbor owe any taxes on the transfer. However, if your neighbor changes the use of her 50 acres to a non-qualified use within 7 years of separation, your neighbor owes roll-back taxes on the entire 100 acres. If, however, your neighbor waits to change the use until after 7 years, your neighbor only owes roll-back taxes on her 50 acres.

A “split-off” on the other hand is a division of a tract of Clean and Green land into two or more tracts, the use of which on one or more tracts does not meet the program’s requirements. For example, if you sell four acres of land that will not produce \$2,000 of yearly income for the buyer, this is a split-off because the four acre tract could not be enrolled in Clean and Green. Split-offs generally subject both the tract split off and the remaining tract to roll-back taxes. However, if the split-off tract occurs through condemnation, there is no liability for roll-back taxes.

#### **i. Are there any provisions for splitting-off small portions?**

The Clean and Green program allows certain split-offs to be made without roll-back taxes being due on the entire tract. However, roll-back taxes are due on the split-off portion in most cases. Each year, you may split-off a tract of up to two acres for agricultural use, agricultural reserve use, forest reserve use, or for the construction of a residential dwelling to be occupied by the owner of the split-off tract. (In very Limited Circumstances you may be able to split-off up to three acres for a residential lot). A maximum of 10% of the original tract under Clean and Green or 10 acres, whichever is less, can be split-off under this provision. For these transfers, roll-back taxes apply only to the split-off tract. The remaining portion of the land can remain enrolled in Clean and Green as long as it continues to meet the requirements of the program.

You may also split-off 2 acres or less of Clean and Green land for selling agricultural products or for a rural enterprise incidental to the operational unit.

If 2 acres or less are used for the direct commercial sales of agriculturally related products or for a rural enterprise incidental to the operational unit, roll-back taxes are imposed only on the portion of the tract devoted to commercial activity.

Another special exception exists for a split-off for a wireless or cellular communication tower. Strict requirements must be met in order to qualify for this exception. First, you may lease a maximum of one-half acre for this purpose; second, the tract of land leased may not have more than one communication tower; third, the tract of land must be accessible; and fourth, the tract of land cannot be sold or subdivided. In this situation, you must pay roll-back taxes on the tract of land that is leased for the communication tower, and your remaining land continues to be eligible for the Clean and Green tax rate as long as it continues to meet the program’s requirements.

## **Authorized Split-offs:**

### **2 acres or less each year for:**

- ❑ Agricultural use, **or**
- ❑ Agricultural reserve use, **or**
- ❑ Forest reserve use, **or**
- ❑ Construction of a residential dwelling by the owner of the lot.

Maximum of 10% of the original tract or 10 acres, whichever is less can be split off.

Roll back taxes are due on the split-off portion.

### **2 acres or less for:**

- ❑ Direct commercial sales of agricultural products and activities, **or**
- ❑ A rural enterprise incidental to the operational unit.

Roll-back taxes are due on the split-off portion.

### **½ acre or less for:**

One cellular communication tower.

- ❑ Tract must be accessible, **and**
- ❑ Tract cannot be sold or subdivided.

Roll-back taxes are due on the split-off portion.

**j. What happens if I die and give my land to my children?**

If you die and devise your land to your immediate beneficiaries, in most cases, no roll-back taxes are do. If the inherited section of land does not meet the minimum requirements for Clean and Green, a beneficiary does not have to pay roll-back taxes. But in this case, the inherited land is no longer taxed at the Clean and Green rate. However, if a beneficiary inherits a tract that does qualify for the Clean and Green and the beneficiary changes the use of the tract, the beneficiary faces roll-back taxes on the tract of land that he or she owns. (These provisions are limited to Class A beneficiaries who are person's parents, grandparents, spouse, children, grandchildren, or spouse of a child.)

**k. What do I need to do if I plan to change the use of my land?**

If you plan to change the use of your land, you need to notify the county assessor thirty days prior to the proposed change. The change must be recorded in the Clean and Green docket at your expense. However, in addition to the recording fee, the county may not impose any additional fee for amending your application for a split-off, a separation, a transfer, or a change of ownership.

**l. Are there other transfers that may be exempt from roll-back taxes?**

Certain transfers are exempt from roll-back taxes, and for other transfers counties have the option of not collecting roll-back taxes. Those instances are when land is donated to school districts, municipalities, counties, volunteer fire companies, volunteer ambulance service companies, religious organizations or non-profit corporations.

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Even if you split-off a tract of land and roll-back taxes are imposed, your remaining land may still be enrolled in Clean and Green if it meets the initial requirements of the program.

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The Department of Agriculture is responsible for providing maximum tax rate values to county assessors. County assessors are free to use lower tax rate values than those provided by the Department as long as the values are applied uniformly throughout the county. However, county assessors cannot use higher rate values than those provided by the Department. County assessors use these values as part of their calculations for determining your final tax rate.

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One of the major changes made by the 1998 amendments to the Clean and Green program is that farmstead land is to be valued at its use value rather than at its fair market value. If the farmstead land has previously been assessed at its fair market value, county assessors are required to reassess it at its use value. Furthermore, if a county assessor has not previously included the contributory value of your farm buildings when assessing your property, the assessor must reassess your property to include this value.

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**a. Where do I apply?**

Applications for the Clean and Green program are filed with the county board of assessment appeals where your land is located. If your application is filed with a county on or before June 1, the county must review and process the application for the next taxable year. For example, if a county receives your application on or before June 1, 1999, and your application is approved, you must receive the Clean and Green tax rate for the taxable year 2000. However, if your application is received on June 2, 1999, or after, you are not entitled to receive the Clean and Green tax rate until taxable year 2001. An exception exists if the county undergoes a countywide reassessment. When a countywide reassessment occurs, the application deadline is October 15 or 30 days after the final order of the county board of assessment appeals; whichever comes first.

**b. How much does it cost to enroll in Clean and Green?**

The county board for assessment appeals is limited to charging an application fee of no more than \$50.00 for processing your application. This fee can be charged whether or not your application is approved. In addition to the application fee, the recorder of deeds may charge a fee for filing an approved application in a Clean and Green docket. The recording fee may only be charged if your Clean and Green application has been approved by the county board.

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A civil penalty of \$100.00 may be imposed for each violation of the Clean and Green law. The County Board of Assessment Appeals must notify you by certified mail of the nature of the violation, the amount of the civil penalty, and the right to contest the civil penalty. If you do not notify the county, in writing, of intent to contest the penalty within 10 days, the penalty becomes final.

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The number of counties with landowners participating in Clean and Green grew from 32 counties in 1981 to 46 counties in 1997. The total amount of land under Clean and Green has also grown dramatically from 543,707 acres to more than 5,300,000 acres in 1997.

The Pennsylvania Department of Agriculture uses information from county assessors to issue its annual summary of participation. This summary provides the best data currently available on the degree of participation in each county. Annual summaries are prepared in April for the prior year's participation. Copies of the summary are available upon request by writing to the Office of Planning and Research, The Pennsylvania Department of Agriculture, 2301 North Cameron Street, Harrisburg, PA 17110-9408.

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## INSTRUCTIONS FOR CLEAN AND GREEN LAWRENCE COUNTY, PENNSYLVANIA

**ANY QUESTIONS REGARDING THE PROPER COMPLETION OF THIS APPLICATION ARE TO BE DIRECTED**

**TO: LAWRENCE COUNTY ASSESSMENT OFFICE**

**430 COURT ST**

**NEW CASTLE PA 16101**

1. THIS APPLICATION MUST BE COMPLETED BY ALL OWNERS OF THE PROPERTY FOR WHICH THE APPLICATION IS BEING MADE. SHOULD THE PROPERTY BE TITLED THE NAME OF A CORPORATION, THE APPLICATION MUST BE EXECUTED BY THE INDIVIDUAL AUTHORIZED BY CORPORATE RESOLUTION TO DO SO. SHOULD THE PROPERTY BE TITLED TO AN ENTRY OTHER THAN A CORPORATION THE APPLICATION MUST BE EXECUTED BY AN INDIVIDUAL DULY AUTHORIZED TO ACT ON BEHALF OF THAT ENTITY. A COPY OF THE APPROPRIATE CORPORATE RESOLUTION OR AUTHORIZATION MUST BE ATTACHED TO THE APPLICATION.
2. ALL SIGNATURES MUST BE NOTARIZED. THIS APPLICATION MAY BE FILED IN PERSON OR BY MAIL TO:  
**LAWRENCE COUNTY ASSESSMENT OFFICE**  
**430 COURT ST**  
**NEW CASTLE PA 16101**
3. **ACT 319 OF 1974** WAS AMENDED BY **ACT 156 OF 1998** AND REQUIRES THAT THIS APPLICATION BE **RECEIVED** BY THE ASSESSMENT OFFICE ON OR BEFORE **JUNE 1<sup>ST</sup>** OF THE YEAR IMMEDIATELY PRECEDING THE TAX YEAR FOR WHICH THE PROPERTY OWNER WANTS TO ENROLL THE PROPERTY. **EXCEPTION: IN A YEAR WHEN A COUNTY IMPLEMENTS A COUNTY-WIDE REASSESSMENT OF ENROLLED LAND, THE APPLICATION DEADLINE SHALL BE EXTENDED TO EITHER A DATE 30 DAYS AFTER THE FINAL ORDER OF THE COUNTY BOARD OF ASSESSMENT APPEALS, OR BY OCTOBER 15<sup>TH</sup> OF THE SAME YEAR, WHICHEVER DATE IS SOONER.** THIS DEADLINE IS APPLICABLE REGARDLESS OF WHETHER JUDICIAL REVIEW OF THE ORDER IS SOUGHT.
4. A ONE-TIME APPLICATION FEE OF \$50.00 MUST BE REMITTED WITH THIS APPLICATION, PAYABLE TO THE **TREASURER LAWRENCE COUNTY.**

5. IF THE LANDOWNER CHANGES THE USE TO AN INELIGIBLE USE, THE ROLL BACK TAX, PLUS 6% INTEREST (COMPOUNDED ANNUALLY) WILL BE CHARGED AGAINST ALL PARCELS/DEEDS INCLUDED IN THE APPLICATION. LANDOWNERS WHO REQUEST ANY PORTION OF THEIR LAND TO BE DECLARED INELIGIBLE FOR **USE VALUE** ASSESSMENT MUST ATTACH A SITE MAP SHOWING THE LOCATION AND BOUNDARIES OF THE PROPOSED INELIGIBLE LAND.
  
6. QUALIFICATION FOR THE ENROLLMENT OF YOUR PROPERTY INTO THE CLEAN AND GREEN PREFERENTIAL ASSESSMENT PROGRAM IS DETERMINED BY MEETING THE MINIMUM REQUIREMENTS ESTABLISHED FOR ANY ONE OF THE THREE LAND CATEGORIES:
  1. **AGRICULTURE USE**
  2. **AGRICULTURAL RESERVE**
  3. **FOREST RESERVE**