

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2718 Session of  
2002

INTRODUCED BY WATSON, BASTIAN, BUNT AND HARPER, JUNE 17, 2002

REFERRED TO COMMITTEE ON FINANCE, JUNE 17, 2002

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 the incidence and rate of  
11 the cigarette tax, for the floor tax on cigarettes and for  
12 disposition of certain funds.

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

15 Section 1. Sections 1206 and 1206.1 of the act of March 4,  
16 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,  
17 amended or added August 4, 1991 (P.L.97, No.22), are amended to  
18 read:

19 Section 1206. Incidence and Rate of Tax.--An excise tax is  
20 hereby imposed and assessed upon the sale or possession of  
21 cigarettes within this Commonwealth at the rate of [one and  
22 fifty-five hundredths] one and eight tenths of a cent per  
23 cigarette.

1       Section 1206.1. Floor Tax.--Any person who possesses  
2 cigarettes on which the tax imposed by section 1206 of this  
3 article has been paid as of the effective date of this section  
4 shall pay an additional tax at a rate of [sixty-five hundredth  
5 cents] twenty-five hundredth cents per cigarette. The tax shall  
6 be reported and paid on a form prescribed by the department. In  
7 addition to the interest and penalties provided in section 1278  
8 of this article, failure to file said report and pay said tax  
9 within sixty days of the effective date of this section may  
10 result in a penalty of two hundred fifty dollars (\$250). This  
11 penalty shall be added to the tax and assessed and collected at  
12 the same time in the same manner and as a part of the tax.

13       Section 2. Section 1296 of the act, amended May 7, 1997  
14 (P.L.85, No.7), is amended to read:

15       Section 1296. Disposition of Certain Funds.--All cigarette  
16 tax revenues collected by the Department of Revenue under this  
17 article and heretofore paid into the Parent Reimbursement Fund  
18 in accordance with the act of August 27, 1971 (P.L.358, No.92),  
19 known as the "Parent Reimbursement Act for Nonpublic Education,"  
20 shall be transferred into the General Fund. Beginning [July 1,  
21 1993, two thirty-firsts] July 1, 2002, seven thirty-sixths of  
22 cigarette tax receipts shall be transferred into the  
23 Agricultural Conservation Easement Purchase Fund, and [beginning  
24 January 1, 1997, three thirty-firsts] three thirty-sixths of  
25 cigarette tax receipts shall be paid into a restricted account  
26 to be known as the Children's Health Fund for health care for  
27 indigent children, and the remainder shall be paid into the  
28 General Fund. Moneys in the Children's Health Fund shall not be  
29 expended until the enactment of legislation to implement a  
30 program of expanded access to health care for children. The

1 transfers required by this section shall be made by July 15 for  
2 the preceding six months and by January 15 for the preceding six  
3 months.

4 Section 3. This act shall take effect July 1, 2002, or  
5 immediately, whichever is later.