

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE RESOLUTION

No. 537 Session of  
2005

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INTRODUCED BY FEESE, DECEMBER 13, 2005

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REFERRED TO COMMITTEE ON APPROPRIATIONS, DECEMBER 13, 2005

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## A RESOLUTION

1 Establishing a select committee to investigate alleged illegal  
2 rebating practices relating to the sale of cigarettes in this  
3 Commonwealth, to analyze the current system of enforcement of  
4 laws relating to such illegal activities and to make  
5 recommendations for the orderly and legal enforcement of laws  
6 relating to this practice.

7 WHEREAS, The House of Representatives is aware of violations  
8 of Article II-A of the act of April 9, 1929 (P.L.343, No.176),  
9 known as The Fiscal Code, (relating to cigarette sales and  
10 licensing) with respect to the practice of offering illegal  
11 rebates in connection with the sale of cigarettes; and

12 WHEREAS, Anecdotal evidence suggests that these illegal  
13 rebates are in amounts in excess of \$40 million per year; and

14 WHEREAS, These moneys are not properly accounted for; and

15 WHEREAS, The Commonwealth is deprived of legitimate taxes due  
16 to these practices; and

17 WHEREAS, These practices undermine the orderly sale of the  
18 product, the orderly collection of taxes and the stability of  
19 the sales and distribution system; and

1       WHEREAS, The current system of enforcement of the laws is  
2 insufficient to end such illegal practices; therefore be it

3       RESOLVED, That the House of Representatives establish a  
4 select committee consisting of five members, three from the  
5 majority party and two from the minority party, to hold hearings  
6 and secure testimony under oath in order to investigate illegal  
7 rebating practices relating to the sale of cigarettes in this  
8 Commonwealth; and be it further

9       RESOLVED, That, in furtherance of its investigation, the  
10 select committee:

11           (1) Identify the level and extent of the practice of  
12 illegal rebating in this Commonwealth.

13           (2) Determine the extent to which the Department of  
14 Revenue is responding to illegal rebating.

15           (3) Develop criteria for ending illegal rebating,  
16 including recommendations for changes in the law and  
17 prioritizing of governmental efforts.

18           (4) Report its findings, conclusions and recommendations  
19 to the House of Representatives within 120 days.