

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 325 Session of  
2009

INTRODUCED BY MILLER, BAKER, BOYD, CALTAGIRONE, CARROLL, CAUSER, CREIGHTON, FABRIZIO, GEORGE, GIBBONS, GINGRICH, GOODMAN, GROVE, GRUCELA, HENNESSEY, HESS, KILLION, KOTIK, MILLARD, MOUL, O'NEILL, PICKETT, RAPP, REICHLEY, ROCK, K. SMITH, STABACK, STEVENSON, SWANGER, WATSON, SIPTROTH, MURT, EVERETT, FARRY, MARSHALL, SONNEY, SOLOBAY, BROOKS, GABLER, CASORIO, BELFANTI, QUINN, M. SMITH AND LENTZ, FEBRUARY 10, 2009

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, AS AMENDED, HOUSE OF REPRESENTATIVES, MAY 24, 2010

## 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 exclusions from sales tax  
11 and for exemption certificates, FOR INCIDENCE AND RATE OF ←  
12 TAX, FOR FLOOR TAX AND FOR COMMISSIONS ON SALES; PROVIDING  
13 FOR THE TAXATION OF TOBACCO PRODUCTS; IMPOSING A TAX ON THE  
14 EXTRACTION OF NATURAL GAS; PROVIDING FOR NATURAL GAS  
15 SEVERANCE REGISTRATION CERTIFICATE, FOR DUTIES OF THE  
16 DEPARTMENT OF REVENUE, FOR TAX ASSESSMENTS AND TAX LIENS;  
17 IMPOSING PENALTIES; PROVIDING FOR SERVICE OF PROCESS, FOR  
18 RULEMAKING, FOR COOPERATION WITH OTHER GOVERNMENTS AND FOR  
19 BONDS; AND MAKING AN APPROPRIATION.

20 The General Assembly of the Commonwealth of Pennsylvania

21 hereby enacts as follows:

22 Section 1. Section 204(10) of the act of March 4, 1971 (P.L.  
23 6, No.2), known as the Tax Reform Code of 1971, amended April

1 23, 1998 (P.L.239, No.45), is amended to read:

2 Section 204. Exclusions from Tax.--The tax imposed by  
3 section 202 shall not be imposed upon any of the following:

4 \* \* \*

5 (10) The sale at retail to or use by (i) any charitable  
6 organization, volunteer firemen's organization, volunteer  
7 firefighters' relief association as defined in section 2 of the  
8 act of June 11, 1968 (P.L.149, No.84), known as the "Volunteer  
9 Firefighters' Relief Association Act," or nonprofit educational  
10 institution, or (ii) a religious organization for religious  
11 purposes of tangible personal property or services other than  
12 pursuant to a construction contract: Provided, however, That the  
13 exclusion of this clause shall not apply with respect to any  
14 tangible personal property or services used in any unrelated  
15 trade or business carried on by such organization or institution  
16 or with respect to any materials, supplies and equipment used  
17 and transferred to such organization or institution in the  
18 construction, reconstruction, remodeling, renovation, repairs  
19 and maintenance of any real estate structure, other than  
20 building machinery and equipment, except materials and supplies  
21 when purchased by such organizations or institutions for routine  
22 maintenance and repairs.

23 \* \* \*

24 Section 2. Section 237(c) of the act, amended July 1, 1985  
25 (P.L.78, No.29), is amended and the section is amended by adding  
26 a subsection to read:

27 Section 237. Collection of Tax.--\* \* \*

28 (c) Exemption Certificates. If the tax does not apply to the  
29 sale or lease of tangible personal property or services, the  
30 purchaser or lessee shall furnish to the vendor a certificate

1 indicating that the sale is not legally subject to the tax. The  
2 certificate shall be in substantially such form as the  
3 department may, by regulation, prescribe. Where the tangible  
4 personal property or service is of a type which is never subject  
5 to the tax imposed or where the sale or lease is in interstate  
6 commerce, such certificate need not be furnished. Where a series  
7 of transactions are not subject to tax, a purchaser or user may  
8 furnish the vendor with a single exemption certificate in  
9 substantially such form and valid for such period of time as the  
10 department may, by regulation, prescribe[.], provided that an  
11 exemption certificate furnished to a volunteer firefighters'  
12 relief association or volunteer firemen's organization shall be  
13 considered permanent. The department shall provide all school  
14 districts and intermediate units with a permanent tax exemption  
15 number. An exemption certificate, which is complete and regular  
16 and on its face discloses a valid basis of exemption if taken in  
17 good faith, shall relieve the vendor from the liability imposed  
18 by this section. An exemption certificate accepted by a vendor  
19 from a natural person domiciled within this Commonwealth or any  
20 association, fiduciary, partnership, corporation or other  
21 entity, either authorized to do business within this  
22 Commonwealth or having an established place of business within  
23 this Commonwealth, in the ordinary course of the vendor's  
24 business, which on its face discloses a valid basis of exemption  
25 consistent with the activity of the purchaser and character of  
26 the property or service being purchased or which is provided to  
27 the vendor by a charitable, religious, educational, volunteer  
28 firefighters' relief association or volunteer firemen's  
29 organization and contains the organization's charitable  
30 exemption number and which, in the case of any purchase costing

1 two hundred dollars (\$200) or more, is accompanied by a sworn  
2 declaration on a form to be provided by the department of an  
3 intended usage of the property or service which would render it  
4 nontaxable, shall be presumed to be taken in good faith and the  
5 burden of proving otherwise shall be on the Department of  
6 Revenue.

7 (c.1) Surrender of Exemption Certificate.--If a volunteer  
8 firefighters' relief association or volunteer firemen's  
9 organization that has been furnished an exemption certificate  
10 dissolves, the association or organization shall have sixty days  
11 to surrender the exemption certificate to the department.

12 \* \* \*

13 ~~Section 3. This act shall take effect in 60 days.~~ ←

14 SECTION 2.1. SECTIONS 1206, 1206.1 AND 1216 OF THE ACT, ←  
15 AMENDED OCTOBER 9, 2009 (P.L.451, NO.48), ARE AMENDED TO READ:

16 SECTION 1206. INCIDENCE AND RATE OF TAX.--AN EXCISE TAX IS  
17 HEREBY IMPOSED AND ASSESSED UPON THE SALE OR POSSESSION OF  
18 CIGARETTES WITHIN THIS COMMONWEALTH AT THE RATE OF [EIGHT] NINE  
19 AND ONE-HALF CENTS PER CIGARETTE.

20 SECTION 1206.1. FLOOR TAX.--(A) THE FOLLOWING APPLY:

21 (1) A PERSON WHO POSSESSES CIGARETTES ON WHICH THE TAX  
22 IMPOSED BY SECTION 1206 HAS BEEN PAID AS OF THE EFFECTIVE DATE  
23 OF THIS SECTION SHALL PAY AN ADDITIONAL TAX AT A RATE OF ONE AND  
24 [TWENTY-FIVE HUNDREDTHS] ONE-HALF CENTS PER CIGARETTE. THE TAX  
25 SHALL BE PAID AND REPORTED ON A FORM PRESCRIBED BY THE  
26 DEPARTMENT WITHIN NINETY DAYS OF THE EFFECTIVE DATE OF THIS  
27 SECTION.

28 (2) ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH, A  
29 PERSON THAT POSSESSES LITTLE CIGARS IN A PACKAGE WHICH IS  
30 SIMILAR TO A PACKAGE OF CIGARETTES OTHER THAN LITTLE CIGARS AND

1 WHICH CONTAINS TWENTY TO TWENTY-FIVE LITTLE CIGARS SHALL PAY A  
2 TAX AT THE RATE OF [EIGHT] NINE AND ONE-HALF CENTS PER LITTLE  
3 CIGAR. THE TAX SHALL BE PAID AND REPORTED ON A FORM PRESCRIBED  
4 BY THE DEPARTMENT WITHIN NINETY DAYS OF THE EFFECTIVE DATE OF  
5 THIS PARAGRAPH.

6 (3) AFTER JANUARY 3, 2010, A RETAILER THAT POSSESSES LITTLE  
7 CIGARS ON WHICH THE TAX IMPOSED BY THIS ARTICLE HAS NOT BEEN  
8 PAID SHALL PAY A TAX AT THE RATE OF [EIGHT] NINE AND ONE-HALF  
9 CENTS PER LITTLE CIGAR. THE TAX SHALL BE PAID AND REPORTED ON A  
10 FORM PRESCRIBED BY THE DEPARTMENT WITHIN NINETY DAYS OF THE  
11 EFFECTIVE DATE OF THIS PARAGRAPH.

12 (B) IF A CIGARETTE DEALER FAILS TO FILE THE REPORT REQUIRED  
13 BY SUBSECTION (A) OR FAILS TO PAY THE TAX IMPOSED BY SUBSECTION  
14 (A), THE DEPARTMENT MAY, IN ADDITION TO THE INTEREST AND  
15 PENALTIES PROVIDED IN SECTION 1278, DO ANY OF THE FOLLOWING:

16 (1) IMPOSE AN ADMINISTRATIVE PENALTY EQUAL TO THE AMOUNT OF  
17 TAX EVADED OR NOT PAID. THE PENALTY SHALL BE ADDED TO THE TAX  
18 EVADED OR NOT PAID AND ASSESSED AND COLLECTED AT THE SAME TIME  
19 AND IN THE SAME MANNER AS THE TAX.

20 (2) SUSPEND OR REVOKE A CIGARETTE DEALER'S LICENSE.

21 (C) IN ADDITION TO ANY PENALTY IMPOSED UNDER SUBSECTION (B),  
22 A PERSON WHO WILFULLY OMITTS, NEGLECTS OR REFUSES TO COMPLY WITH  
23 A DUTY IMPOSED UNDER SUBSECTION (A) COMMITS A MISDEMEANOR AND  
24 SHALL, UPON CONVICTION, BE SENTENCED TO PAY A FINE OF NOT LESS  
25 THAN TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) NOR MORE THAN  
26 FIVE THOUSAND DOLLARS (\$5,000), TO SERVE A TERM OF IMPRISONMENT  
27 NOT TO EXCEED THIRTY DAYS OR BOTH.

28 SECTION 1216. COMMISSIONS ON SALES.--A CIGARETTE STAMPING  
29 AGENT SHALL BE ENTITLED TO A COMMISSION FOR THE AGENT'S SERVICES  
30 AND EXPENSES IN AFFIXING CIGARETTE TAX STAMPS. THE COMMISSION

1 SHALL BE EQUAL TO [EIGHTY-SEVEN] SEVENTY-THREE HUNDREDTHS PER  
2 CENT OF THE TOTAL VALUE OF PENNSYLVANIA CIGARETTE TAX STAMPS  
3 PURCHASED BY THE AGENT FROM THE DEPARTMENT OR ITS AUTHORIZED  
4 AGENTS TO BE USED IN THE STAMPING OF UNSTAMPED CIGARETTES FOR  
5 SALE WITHIN THIS COMMONWEALTH. THE CIGARETTE STAMPING AGENT MAY  
6 DEDUCT FROM THE MONEYS TO BE PAID TO THE DEPARTMENT OR ITS  
7 AUTHORIZED AGENTS FOR THE STAMPS AN AMOUNT EQUAL TO [EIGHTY-  
8 SEVEN] SEVENTY-THREE HUNDREDTHS PER CENT OF THE VALUE OF THE  
9 STAMPS PURCHASED. THIS SECTION SHALL NOT APPLY TO PURCHASES OF  
10 STAMPS BY A CIGARETTE STAMPING AGENT IN AN AMOUNT LESS THAN ONE  
11 HUNDRED DOLLARS (\$100).

12 SECTION 2.2. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

13 ARTICLE XII-A  
14 TOBACCO PRODUCTS TAX

15 SECTION 1201-A. DEFINITIONS.

16 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
17 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
18 CONTEXT CLEARLY INDICATES OTHERWISE:

19 "CIGAR." ANY ROLL OF TOBACCO WRAPPED IN TOBACCO, NOT  
20 INCLUDING LITTLE CIGARS.

21 "CIGARETTE." INCLUDES ANY ROLL FOR SMOKING MADE WHOLLY OR IN  
22 PART OF TOBACCO, IRRESPECTIVE OF SIZE OR SHAPE, AND WHETHER OR  
23 NOT SUCH TOBACCO IS FLAVORED, ADULTERATED OR MIXED WITH ANY  
24 OTHER INGREDIENT, THE WRAPPER OR COVER OF WHICH IS MADE OF PAPER  
25 OR ANY OTHER SUBSTANCE OR MATERIAL, EXCEPTING TOBACCO, AND SHALL  
26 NOT INCLUDE CIGARS OR ROLL YOUR OWN TOBACCO. THE TERM SHALL  
27 INCLUDE LITTLE CIGARS.

28 "CONSUMER." AN INDIVIDUAL WHO PURCHASES TOBACCO PRODUCTS FOR  
29 PERSONAL USE AND NOT FOR RESALE.

30 "CONTRABAND." ANY TOBACCO PRODUCT FOR WHICH THE TAX IMPOSED

1 BY THIS ARTICLE HAS NOT BEEN PAID.

2 "DEALER." A WHOLESALER OR RETAILER. NOTHING IN THIS ARTICLE  
3 SHALL PRECLUDE ANY PERSON FROM BEING A WHOLESALER OR RETAILER,  
4 PROVIDED THE PERSON MEETS THE REQUIREMENTS FOR A LICENSE IN EACH  
5 CATEGORY OF DEALER.

6 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

7 "LITTLE CIGAR." ANY ROLL FOR SMOKING THAT WEIGHS NOT MORE  
8 THAN FOUR POUNDS PER THOUSAND, WHERE THE WRAPPER OR COVER IS  
9 MADE OF NATURAL LEAF TOBACCO OR ANY SUBSTANCE CONTAINING  
10 TOBACCO.

11 "MANUFACTURER." A PERSON THAT PRODUCES TOBACCO PRODUCTS.

12 "PERSON." AN INDIVIDUAL, UNINCORPORATED ASSOCIATION,  
13 COMPANY, CORPORATION, JOINT STOCK COMPANY, GROUP, AGENCY,  
14 SYNDICATE, TRUST OR TRUSTEE, RECEIVER, FIDUCIARY, PARTNERSHIP,  
15 CONSERVATOR, ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH OR  
16 ANY OTHER STATE. WHENEVER USED IN ANY OF THE PROVISIONS OF THIS  
17 ARTICLE PRESCRIBING OR IMPOSING PENALTIES, THE WORD "PERSON" AS  
18 APPLIED TO A PARTNERSHIP, UNINCORPORATED ASSOCIATION OR OTHER  
19 JOINT VENTURE, MEANS THE PARTNERS OR MEMBERS THEREOF, AND AS  
20 APPLIED TO A CORPORATION, MEANS ALL THE OFFICERS AND DIRECTORS  
21 THEREOF.

22 "PURCHASE PRICE." THE TOTAL VALUE OF ANYTHING PAID OR  
23 DELIVERED, OR PROMISED TO BE PAID OR DELIVERED, WHETHER IT BE  
24 MONEY OR OTHERWISE, IN COMPLETE PERFORMANCE OF A SALE OR  
25 PURCHASE, WITHOUT ANY DEDUCTION ON ACCOUNT OF THE COST OR VALUE  
26 OF THE PROPERTY SOLD, COST OR VALUE OF TRANSPORTATION, COST OR  
27 VALUE OF LABOR OR SERVICE, INTEREST OR DISCOUNT PAID OR ALLOWED  
28 AFTER THE SALE IS CONSUMMATED, ANY OTHER TAXES IMPOSED BY THE  
29 COMMONWEALTH OR ANY OTHER EXPENSE.

30 "RETAILER." A PERSON THAT PURCHASES OR RECEIVES TOBACCO

1 PRODUCTS FROM ANY SOURCE FOR THE PURPOSE OF SALE TO A CONSUMER,  
2 OR WHO OWNS, LEASES OR OTHERWISE OPERATES ONE OR MORE VENDING  
3 MACHINES FOR THE PURPOSE OF SALE OF TOBACCO PRODUCTS TO THE  
4 ULTIMATE CONSUMER. THE TERM INCLUDES A VENDING MACHINE OPERATOR  
5 OR A PERSON THAT BUYS, SELLS, TRANSFERS OR DEALS IN TOBACCO  
6 PRODUCTS AND IS NOT LICENSED AS A TOBACCO PRODUCTS WHOLESALER  
7 UNDER THIS ARTICLE.

8 "ROLL-YOUR-OWN TOBACCO." ANY TOBACCO WHICH, BECAUSE OF ITS  
9 APPEARANCE, TYPE, PACKAGING OR LABELING, IS SUITABLE FOR USE AND  
10 IS LIKELY TO BE OFFERED TO, OR PURCHASED BY, CONSUMERS AS  
11 TOBACCO FOR MAKING CIGARETTES. FOR PURPOSES OF REPORTING SALES  
12 OF THIS PRODUCT UNDER THE ACT OF JUNE 22, 2000 (P.L.394, NO.54),  
13 KNOWN AS THE TOBACCO SETTLEMENT AGREEMENT ACT, 0.09 OUNCES OF  
14 TOBACCO SHALL CONSTITUTE ONE INDIVIDUAL UNIT SOLD.

15 "SALE." ANY TRANSFER OF OWNERSHIP, CUSTODY OR POSSESSION OF  
16 TOBACCO PRODUCTS FOR CONSIDERATION; ANY EXCHANGE, BARTER OR  
17 GIFT; OR ANY OFFER TO SELL OR TRANSFER THE OWNERSHIP, CUSTODY OR  
18 POSSESSION OF TOBACCO PRODUCTS FOR CONSIDERATION.

19 "TAXPAYER." ANY PERSON SUBJECT TO TAX UNDER THIS ARTICLE.

20 "TOBACCO PRODUCTS." GRANULATED, PLUG CUT, CRIMP CUT, READY  
21 RUBBED AND OTHER SMOKING TOBACCO, ROLL-YOUR-OWN TOBACCO, SNUFF,  
22 DRY SNUFF, SNUFF FLOUR, CAVENDISH, PLUG AND TWIST TOBACCO, FINE-  
23 CUT AND OTHER CHEWING TOBACCOS, SHORTS, REFUSE SCRAPS,  
24 CLIPPINGS, CUTTINGS AND SWEEPINGS OF TOBACCO AND OTHER KINDS AND  
25 FORMS OF TOBACCO, PREPARED IN SUCH MANNER AS TO BE SUITABLE FOR  
26 CHEWING OR INGESTING OR FOR SMOKING IN A PIPE OR OTHERWISE, OR  
27 BOTH FOR CHEWING AND SMOKING. THE TERM DOES NOT INCLUDE  
28 CIGARETTES OR CIGARS.

29 "UNCLASSIFIED IMPORTER." A PERSON IN THIS COMMONWEALTH THAT  
30 ACQUIRES A TOBACCO PRODUCT FROM ANY SOURCE ON WHICH THE TAX



1 IMPOSED BY THIS ARTICLE WAS NOT PAID AND THAT IS NOT A PERSON  
2 OTHERWISE REQUIRED TO BE LICENSED UNDER THE PROVISIONS OF THIS  
3 ARTICLE. THE TERM INCLUDES, BUT IS NOT LIMITED TO, CONSUMERS WHO  
4 PURCHASE TOBACCO PRODUCTS USING THE INTERNET OR MAIL ORDER  
5 CATALOGS FOR PERSONAL POSSESSION OR USE IN THIS COMMONWEALTH.

6 "VENDING MACHINE OPERATOR." A PERSON WHO PLACES OR SERVICES  
7 ONE OR MORE TOBACCO PRODUCT VENDING MACHINES WHETHER OWNED,  
8 LEASED OR OTHERWISE OPERATED BY THE PERSON AT LOCATIONS FROM  
9 WHICH TOBACCO PRODUCTS ARE SOLD TO THE CONSUMER. THE OWNER OR  
10 TENANT OF THE PREMISES UPON WHICH A VENDING MACHINE IS PLACED  
11 SHALL NOT BE CONSIDERED A VENDING MACHINE OPERATOR IF THE  
12 OWNER'S OR TENANT'S SOLE REMUNERATION THEREFROM IS A FLAT RENTAL  
13 FEE OR COMMISSION BASED UPON THE NUMBER OR VALUE OF TOBACCO  
14 PRODUCTS SOLD FROM THE MACHINE, UNLESS THE OWNER OR TENANT  
15 ACTUALLY OWNS THE VENDING MACHINE OR LEASES THE VENDING MACHINE  
16 UNDER AN AGREEMENT WHEREBY ANY PROFITS FROM THE SALE OF THE  
17 TOBACCO PRODUCTS DIRECTLY INURE TO THE OWNER'S OR TENANT'S  
18 BENEFIT.

19 "WHOLESALER." A PERSON ENGAGED IN THE BUSINESS OF SELLING  
20 TOBACCO PRODUCTS THAT RECEIVES, STORES, SELLS, EXCHANGES OR  
21 DISTRIBUTES TOBACCO PRODUCTS TO RETAILERS OR OTHER WHOLESALERS  
22 IN THIS COMMONWEALTH OR RETAILERS WHO PURCHASE FROM A  
23 MANUFACTURER OR FROM ANOTHER WHOLESALER WHO HAS NOT PAID THE TAX  
24 IMPOSED BY THIS ARTICLE.

25 SECTION 1202-A. INCIDENCE AND RATE OF TAX.

26 (A) IMPOSITION.--A TOBACCO PRODUCTS TAX IS HEREBY IMPOSED ON  
27 THE DEALER, MANUFACTURER OR ANY PERSON AT THE TIME THE TOBACCO  
28 PRODUCT IS FIRST SOLD TO A RETAILER IN THIS COMMONWEALTH AT THE  
29 RATE OF 30% ON THE PURCHASE PRICE CHARGED TO THE RETAILER FOR  
30 THE PURCHASE OF ANY TOBACCO PRODUCT. THE TAX SHALL BE COLLECTED

1 FROM THE RETAILER BY WHOMEVER SELLS THE TOBACCO PRODUCT TO THE  
2 RETAILER AND REMITTED TO THE DEPARTMENT. ANY PERSON REQUIRED TO  
3 COLLECT THIS TAX SHALL SEPARATELY STATE THE AMOUNT OF TAX ON AN  
4 INVOICE OR OTHER SALES DOCUMENT.

5 (B) RETAILER.--IF THE TAX IS NOT COLLECTED BY THE SELLER  
6 FROM THE RETAILER, THE TAX IS IMPOSED ON THE RETAILER AT THE  
7 TIME OF PURCHASE AT THE SAME RATE AS IN SUBSECTION (A) BASED ON  
8 THE RETAILER'S PURCHASE PRICE OF THE TOBACCO PRODUCTS. THE  
9 RETAILER SHALL REMIT THE TAX TO THE DEPARTMENT.

10 (C) UNCLASSIFIED IMPORTER.--THE TAX IS IMPOSED ON AN  
11 UNCLASSIFIED IMPORTER AT THE TIME OF PURCHASE AT THE SAME RATE  
12 AS IN SUBSECTION (A) BASED ON THE UNCLASSIFIED IMPORTER'S  
13 PURCHASE PRICE OF THE TOBACCO PRODUCTS. THE UNCLASSIFIED  
14 IMPORTER SHALL REMIT THE TAX TO THE DEPARTMENT.

15 (D) EXCEPTIONS.--THE TAX SHALL NOT BE IMPOSED ON ANY TOBACCO  
16 PRODUCTS THAT:

17 (1) ARE EXPORTED FOR SALE OUTSIDE THIS COMMONWEALTH; OR

18 (2) ARE NOT SUBJECT TO TAXATION BY THE COMMONWEALTH  
19 PURSUANT TO ANY LAWS OF THE UNITED STATES.

20 (E) ARTICLE II.--UNLESS OTHERWISE SPECIFICALLY NOTED, THE  
21 PROVISIONS OF ARTICLE II SHALL APPLY TO THE RETURNS, PAYMENT,  
22 PENALTIES, ENFORCEMENT, COLLECTIONS AND APPEALS OF THE TAX  
23 IMPOSED ON OTHER TOBACCO PRODUCTS.

24 SECTION 1203-A. FLOOR TAX.

25 (A) PAYMENT.--ANY RETAILER THAT, AS OF THE EFFECTIVE DATE OF  
26 THIS ARTICLE, POSSESSES TOBACCO PRODUCTS SUBJECT TO THE TAX  
27 IMPOSED BY SECTION 1202-A, SHALL PAY THE TAX ON THE TOBACCO  
28 PRODUCTS IN ACCORDANCE WITH THE RATES SPECIFIED IN SECTION 1202-  
29 A. THE TAX SHALL BE PAID AND REPORTED ON A FORM PRESCRIBED BY  
30 THE DEPARTMENT WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS

1 SECTION.

2 (B) ADMINISTRATIVE PENALTY; LICENSE.--IF A RETAILER FAILS TO  
3 FILE THE REPORT REQUIRED BY SUBSECTION (A) OR FAILS TO PAY THE  
4 TAX IMPOSED BY SUBSECTION (A), THE DEPARTMENT MAY, IN ADDITION  
5 TO THE INTEREST AND PENALTIES PROVIDED IN SECTION 1215-A, DO ANY  
6 OF THE FOLLOWING:

7 (1) IMPOSE AN ADMINISTRATIVE PENALTY EQUAL TO THE AMOUNT  
8 OF TAX EVADED OR NOT PAID. THE PENALTY SHALL BE ADDED TO THE  
9 TAX EVADED OR NOT PAID AND ASSESSED AND COLLECTED AT THE SAME  
10 TIME AND IN THE SAME MANNER AS THE TAX.

11 (2) SUSPEND, REVOKE OR REFUSE TO ISSUE THE RETAILER'S  
12 LICENSE.

13 (C) CRIMINAL PENALTY.--IN ADDITION TO ANY PENALTY IMPOSED  
14 UNDER SUBSECTION (B), A PERSON THAT WILLFULLY OMITTS, NEGLECTS OR  
15 REFUSES TO COMPLY WITH A DUTY IMPOSED UNDER SUBSECTION (A)  
16 COMMITTS A MISDEMEANOR AND SHALL, IF CONVICTED, BE SENTENCED TO  
17 PAY A FINE OF NOT LESS THAN \$2,500 NOR MORE THAN \$5,000, TO  
18 SERVE A TERM OF IMPRISONMENT NOT TO EXCEED 30 DAYS, OR BOTH.  
19 SECTION 1204-A. REMITTANCE OF TAX TO DEPARTMENT.

20 WHOLESALEERS, RETAILERS, UNCLASSIFIED IMPORTERS AND  
21 MANUFACTURERS SHALL FILE MONTHLY REPORTS ON A FORM PRESCRIBED BY  
22 THE DEPARTMENT BY THE 20TH DAY OF THE MONTH FOLLOWING THE SALE  
23 OR PURCHASE OF TOBACCO PRODUCTS FROM ANY OTHER SOURCE ON WHICH  
24 THE TAX LEVIED BY THIS ARTICLE HAS NOT BEEN PAID. THE TAX IS DUE  
25 AT THE TIME THE REPORT IS DUE. THE DEPARTMENT MAY REQUIRED THE  
26 FILING OF REPORTS AND PAYMENT OF TAX ON A LESS FREQUENT BASIS AT  
27 ITS DISCRETION.

28 SECTION 1205-A. (RESERVED).

29 SECTION 1206-A. PROCEDURES FOR CLAIMING REFUND.

30 A CLAIM FOR A REFUND OF TAX IMPOSED BY THIS ARTICLE UNDER

1 SECTION 3003.1 AND ARTICLE XXVII SHALL BE IN THE FORM AND  
2 CONTAIN THE INFORMATION PRESCRIBED BY THE DEPARTMENT BY  
3 REGULATION.

4 SECTION 1207-A. SALES OR POSSESSION OF TOBACCO PRODUCT WHEN TAX  
5 NOT PAID.

6 (A) SALES OR POSSESSION.--ANY PERSON WHO SELLS OR POSSESSES  
7 ANY TOBACCO PRODUCT FOR WHICH THE PROPER TAX HAS NOT BEEN PAID  
8 COMMITTS A SUMMARY OFFENSE AND SHALL, UPON CONVICTION, BE  
9 SENTENCED TO PAY COSTS OF PROSECUTION AND A FINE OF NOT LESS  
10 THAN \$100 NOT MORE THAN \$1,000 OR TO IMPRISONMENT FOR NOT MORE  
11 THAN 60 DAYS, OR BOTH, AT THE DISCRETION OF THE COURT. ANY  
12 TOBACCO PRODUCTS PURCHASED FROM A WHOLESALER PROPERLY LICENSED  
13 UNDER THIS ARTICLE SHALL BE PRESUMED TO HAVE THE PROPER TAXES  
14 PAID.

15 (B) TAX EVASION.--ANY PERSON THAT SHALL FALSELY OR  
16 FRAUDULENTLY, MALICIOUSLY, INTENTIONALLY OR WILLFULLY WITH  
17 INTENT TO EVADE THE PAYMENT OF THE TAX IMPOSED BY THIS ARTICLE  
18 SELLS OR POSSESSES ANY TOBACCO PRODUCT FOR WHICH THE PROPER TAX  
19 HAS NOT BEEN PAID COMMITTS A FELONY AND SHALL, UPON CONVICTION,  
20 BE SENTENCED TO PAY COSTS OF PROSECUTION AND A FINE OF NOT MORE  
21 THAN \$15,000 OR TO IMPRISONMENT FOR NOT MORE THAN FIVE YEARS, OR  
22 BOTH, AT THE DISCRETION OF THE COURT.

23 SECTION 1208-A. ASSESSMENT.

24 THE DEPARTMENT IS AUTHORIZED TO MAKE THE INQUIRIES,  
25 DETERMINATIONS AND ASSESSMENTS OF THE TAX, INCLUDING INTEREST,  
26 ADDITIONS AND PENALTIES, IMPOSED BY THIS ARTICLE.

27 SECTION 1209-A. (RESERVED).

28 SECTION 1210-A. (RESERVED).

29 SECTION 1211-A. FAILURE TO FILE RETURN.

30 WHERE NO RETURN IS FILED, THE AMOUNT OF THE TAX DUE MAY BE

1 ASSESSED AND COLLECTED AT ANY TIME AS TO TAXABLE TRANSACTIONS  
2 NOT REPORTED.

3 SECTION 1212-A. FALSE OR FRAUDULENT RETURN.

4 WHERE THE TAXPAYER WILLFULLY FILES A FALSE OR FRAUDULENT  
5 RETURN WITH INTENT TO EVADE THE TAX IMPOSED BY THIS ARTICLE, THE  
6 AMOUNT OF TAX DUE MAY BE ASSESSED AND COLLECTED AT ANY TIME.

7 SECTION 1213-A. EXTENSION OF LIMITATION PERIOD.

8 NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, WHERE,  
9 BEFORE THE EXPIRATION OF THE PERIOD PRESCRIBED FOR THE  
10 ASSESSMENT OF A TAX, A TAXPAYER HAS CONSENTED, IN WRITING, THAT  
11 THE PERIOD BE EXTENDED, THE AMOUNT OF TAX DUE MAY BE ASSESSED AT  
12 ANY TIME WITHIN THE EXTENDED PERIOD. THE PERIOD SO EXTENDED MAY  
13 BE EXTENDED FURTHER BY SUBSEQUENT CONSENTS, IN WRITING, MADE  
14 BEFORE THE EXPIRATION OF THE EXTENDED PERIOD.

15 SECTION 1214-A. FAILURE TO FURNISH INFORMATION, RETURNING FALSE  
16 INFORMATION OR FAILURE TO PERMIT INSPECTION.

17 (A) PENALTY.--ANY TAXPAYER WHO FAILS TO KEEP OR MAKE ANY  
18 RECORD, RETURN, REPORT, INVENTORY OR STATEMENT, OR KEEPS OR  
19 MAKES ANY FALSE OR FRAUDULENT RECORD, RETURN, REPORT, INVENTORY  
20 OR STATEMENT REQUIRED BY THIS ARTICLE COMMITS A MISDEMEANOR AND  
21 SHALL, UPON CONVICTION, BE SENTENCED TO PAY COSTS OF PROSECUTION  
22 AND A FINE OF \$500 AND TO IMPRISONMENT FOR NOT MORE THAN ONE  
23 YEAR, OR BOTH, AT THE DISCRETION OF THE COURT.

24 (B) EXAMINATION.--THE DEPARTMENT IS AUTHORIZED TO EXAMINE  
25 THE BOOKS AND RECORDS, THE STOCK OF TOBACCO PRODUCTS AND THE  
26 PREMISES AND EQUIPMENT OF ANY TAXPAYER IN ORDER TO VERIFY THE  
27 ACCURACY OF THE PAYMENT OF THE TAX IMPOSED BY THIS ARTICLE. THE  
28 PERSON SUBJECT TO AN EXAMINATION SHALL GIVE TO THE DEPARTMENT OR  
29 ITS DULY AUTHORIZED REPRESENTATIVE, THE MEANS, FACILITIES AND  
30 OPPORTUNITY FOR THE EXAMINATION. WILLFUL REFUSAL TO COOPERATE

1 WITH OR PERMIT AN EXAMINATION TO THE SATISFACTION OF THE  
2 DEPARTMENT SHALL BE SUFFICIENT GROUNDS FOR THE SUSPENSION OR  
3 REVOCAION OF A TAXPAYER'S LICENSE. IN ADDITION, A PERSON WHO  
4 WILLFULLY REFUSES TO COOPERATE WITH OR PERMIT AN EXAMINATION TO  
5 THE SATISFACTION OF THE DEPARTMENT COMMITS A MISDEMEANOR AND  
6 SHALL, UPON CONVICTION, BE SENTENCED TO PAY COSTS OF PROSECUTION  
7 AND A FINE OF \$500 OR TO IMPRISONMENT FOR NOT MORE THAN ONE  
8 YEAR, OR BOTH, AT THE DISCRETION OF THE COURT.

9 (C) RECORDS; DEALER OR MANUFACTURER.--A DEALER OR  
10 MANUFACTURER SHALL KEEP AND MAINTAIN FOR A PERIOD OF FOUR YEARS  
11 RECORDS IN THE FORM PRESCRIBED BY THE DEPARTMENT. THE RECORDS  
12 SHALL BE MAINTAINED AT THE LOCATION FOR WHICH THE LICENSE IS  
13 ISSUED.

14 (D) REPORTS.--A DEALER OR MANUFACTURER SHALL FILE REPORTS AT  
15 TIMES AND IN THE FORM PRESCRIBED BY THE DEPARTMENT.

16 (E) RECORDS; MANUFACTURER OR WHOLESALER.--A MANUFACTURER OR  
17 WHOLESALER LOCATED OR DOING BUSINESS IN THIS COMMONWEALTH WHO  
18 SELLS TOBACCO PRODUCTS TO A WHOLESALE LICENSE HOLDER IN THIS  
19 COMMONWEALTH SHALL KEEP RECORDS SHOWING:

20 (1) THE NUMBER AND KIND OF TOBACCO PRODUCTS SOLD.

21 (2) THE DATE THE TOBACCO PRODUCTS WERE SOLD.

22 (3) THE NAME AND LICENSE NUMBER OF THE DEALER THE  
23 TOBACCO PRODUCTS WERE SOLD TO.

24 (4) THE TOTAL WEIGHT OF EACH OF THE TOBACCO PRODUCTS  
25 SOLD TO THE LICENSE HOLDER.

26 (5) THE PLACE WHERE THE TOBACCO PRODUCTS WERE SHIPPED.

27 (6) THE NAME OF THE COMMON CARRIER.

28 (F) MANUFACTURER OR WHOLESALER.--A MANUFACTURER OR  
29 WHOLESALER SHALL FILE WITH THE DEPARTMENT, ON OR BEFORE THE 20TH  
30 OF EACH MONTH, A REPORT SHOWING THE INFORMATION LISTED IN

1 SUBSECTION (E) FOR THE PREVIOUS MONTH.

2 SECTION 1215-A. OTHER VIOLATIONS; PEACE OFFICERS; FINES.

3 SECTIONS 1278, 1279, 1280 AND 1291 ARE INCORPORATED BY

4 REFERENCE INTO AND SHALL APPLY TO THE TAX IMPOSED BY THIS

5 ARTICLE.

6 SECTION 1216-A. (RESERVED).

7 SECTION 1217-A. (RESERVED).

8 SECTION 1218-A. (RESERVED).

9 SECTION 1219-A. RECORDS OF SHIPMENTS AND RECEIPTS OF TOBACCO

10 PRODUCTS REQUIRED.

11 THE DEPARTMENT MAY, IN ITS DISCRETION, REQUIRE REPORTS FROM

12 ANY COMMON OR CONTRACT CARRIER WHO TRANSPORTS TOBACCO PRODUCTS

13 TO ANY POINT OR POINTS WITHIN THIS COMMONWEALTH, AND FROM ANY

14 BONDED WAREHOUSEMAN OR BAILEE WHO HAS IN THE POSSESSION OF THE

15 WAREHOUSEMAN OR BAILEE ANY TOBACCO PRODUCTS. THE REPORTS SHALL

16 CONTAIN THE INFORMATION CONCERNING SHIPMENTS OF TOBACCO PRODUCTS

17 THAT THE DEPARTMENT DETERMINES TO BE NECESSARY FOR THE

18 ADMINISTRATION OF THIS ARTICLE. ALL COMMON AND CONTRACT

19 CARRIERS, BAILEES AND WAREHOUSEMEN SHALL PERMIT THE EXAMINATION

20 BY THE DEPARTMENT OR ITS AUTHORIZED AGENTS OF ANY RECORDS

21 RELATING TO THE SHIPMENT OR RECEIPT OF TOBACCO PRODUCTS.

22 SECTION 1220-A. LICENSING OF DEALERS AND MANUFACTURERS.

23 (A) PROHIBITION.--NO PERSON, UNLESS ALL SALES OF TOBACCO

24 PRODUCTS ARE EXEMPT FROM PENNSYLVANIA TOBACCO PRODUCTS TAX,

25 SHALL SELL, TRANSFER OR DELIVER ANY TOBACCO PRODUCTS IN THIS

26 COMMONWEALTH WITHOUT FIRST OBTAINING THE PROPER LICENSE PROVIDED

27 FOR IN THIS ARTICLE.

28 (B) APPLICATION.--AN APPLICANT FOR A DEALER'S OR

29 MANUFACTURER'S LICENSE SHALL COMPLETE AND FILE AN APPLICATION

30 WITH THE DEPARTMENT. THE APPLICATION SHALL BE IN THE FORM AND

1 CONTAIN INFORMATION PRESCRIBED BY THE DEPARTMENT AND SHALL SET  
2 FORTH TRUTHFULLY AND ACCURATELY THE INFORMATION DESIRED BY THE  
3 DEPARTMENT. IF THE APPLICATION IS APPROVED, THE DEPARTMENT SHALL  
4 LICENSE THE DEALER OR MANUFACTURER FOR A PERIOD OF ONE YEAR AND  
5 THE LICENSE MAY BE RENEWED ANNUALLY THEREAFTER.

6 SECTION 1221-A. LICENSING OF MANUFACTURERS.

7 ANY MANUFACTURER DOING BUSINESS WITHIN THIS COMMONWEALTH  
8 SHALL FIRST OBTAIN A LICENSE TO SELL TOBACCO PRODUCTS BY  
9 SUBMITTING AN APPLICATION TO THE DEPARTMENT CONTAINING THE  
10 INFORMATION REQUESTED BY THE DEPARTMENT AND DESIGNATING A  
11 PROCESS AGENT. IF A MANUFACTURER DESIGNATES NO PROCESS AGENT,  
12 THE MANUFACTURER SHALL BE DEEMED TO HAVE MADE THE SECRETARY OF  
13 STATE ITS AGENT FOR THE SERVICE OF PROCESS IN THIS COMMONWEALTH.

14 SECTION 1222-A. LICENSING OF WHOLESALERS.

15 (A) REQUIREMENTS.--APPLICANTS FOR A WHOLESALE LICENSE OR  
16 RENEWAL OF THAT LICENSE SHALL MEET THE FOLLOWING REQUIREMENTS:

17 (1) THE PREMISES ON WHICH THE APPLICANT PROPOSES TO  
18 CONDUCT BUSINESS ARE ADEQUATE TO PROTECT THE REVENUE.

19 (2) THE APPLICANT IS A PERSON OF REASONABLE FINANCIAL  
20 STABILITY AND REASONABLE BUSINESS EXPERIENCE.

21 (3) THE APPLICANT, OR ANY SHAREHOLDER CONTROLLING MORE  
22 THAN 10% OF THE STOCK IF THE APPLICANT IS A CORPORATION OR  
23 ANY OFFICER OR DIRECTOR IF THE APPLICANT IS A CORPORATION,  
24 SHALL NOT HAVE BEEN CONVICTED OF ANY CRIME INVOLVING MORAL  
25 TURPITUDE.

26 (4) THE APPLICANT SHALL NOT HAVE FAILED TO DISCLOSE ANY  
27 MATERIAL INFORMATION REQUIRED BY THE DEPARTMENT, INCLUDING  
28 INFORMATION THAT THE APPLICANT HAS COMPLIED WITH THIS ARTICLE  
29 BY PROVIDING A SIGNED STATEMENT UNDER PENALTY OF PERJURY.

30 (5) THE APPLICANT SHALL NOT HAVE MADE ANY MATERIAL FALSE



1 STATEMENT IN THE APPLICATION.

2 (6) THE APPLICANT SHALL NOT HAVE VIOLATED ANY PROVISION  
3 OF THIS ARTICLE.

4 (7) THE APPLICANT SHALL HAVE FILED ALL REQUIRED STATE  
5 TAX REPORTS AND PAID ANY STATE TAXES NOT SUBJECT TO A TIMELY  
6 PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A  
7 DULY AUTHORIZED DEFERRED PAYMENT PLAN.

8 (B) MULTIPLE LOCATIONS.--THE WHOLESALE LICENSE SHALL BE  
9 VALID FOR ONE SPECIFIC LOCATION ONLY. WHOLESALERS WITH MORE THAN  
10 ONE LOCATION SHALL OBTAIN A LICENSE FOR EACH LOCATION.

11 SECTION 1223-A. LICENSING OF RETAILERS.

12 APPLICANTS FOR RETAIL LICENSE OR RENEWAL OF THAT LICENSE  
13 SHALL MEET THE FOLLOWING REQUIREMENTS:

14 (1) THE PREMISES IN WHICH THE APPLICANT PROPOSES TO  
15 CONDUCT BUSINESS ARE ADEQUATE TO PROTECT THE REVENUES.

16 (2) THE APPLICANT SHALL NOT HAVE FAILED TO DISCLOSE ANY  
17 MATERIAL INFORMATION REQUIRED BY THE DEPARTMENT.

18 (3) THE APPLICANT SHALL NOT HAVE ANY MATERIAL FALSE  
19 STATEMENT IN THE APPLICATION.

20 (4) THE APPLICANT SHALL NOT HAVE VIOLATED ANY PROVISION  
21 OF THIS ARTICLE.

22 (5) THE APPLICANT SHALL HAVE FILED ALL REQUIRED STATE  
23 TAX REPORTS AND PAID ANY STATE TAXES NOT SUBJECT TO A TIMELY  
24 PERFECTED ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A  
25 DULY AUTHORIZED DEFERRED PAYMENT PLAN.

26 SECTION 1224-A. LICENSE FOR TOBACCO PRODUCTS VENDING MACHINES.

27 EACH TOBACCO PRODUCTS VENDING MACHINE SHALL HAVE A CURRENT  
28 RETAIL LICENSE WHICH SHALL BE CONSPICUOUSLY AND VISIBLY PLACED  
29 ON THE MACHINE. THERE SHALL BE CONSPICUOUSLY AND VISIBLY PLACED  
30 ON EVERY TOBACCO PRODUCTS VENDING MACHINE THE NAME AND ADDRESS

1 OF THE OWNER AND THE NAME AND ADDRESS OF THE OPERATOR.

2 SECTION 1225-A. LICENSE FEES AND ISSUANCE AND DISPLAY OF  
3 LICENSE.

4 (A) AT THE TIME OF MAKING ANY APPLICATION OR LICENSE RENEWAL  
5 APPLICATION:

6 (1) AN APPLICANT FOR A TOBACCO PRODUCTS MANUFACTURERS  
7 LICENSE SHALL PAY THE DEPARTMENT A LICENSE FEE OF \$1,500.

8 (2) AN APPLICANT FOR A WHOLESALE TOBACCO PRODUCTS  
9 DEALER'S LICENSE SHALL PAY TO THE DEPARTMENT A LICENSE FEE OF  
10 \$1,500.

11 (3) AN APPLICANT FOR A RETAIL TOBACCO PRODUCTS DEALER'S  
12 LICENSE SHALL PAY TO THE DEPARTMENT A LICENSE FEE OF \$25.

13 (4) AN APPLICANT FOR A VENDING MACHINE TOBACCO PRODUCTS  
14 DEALER'S LICENSE SHALL PAY TO THE DEPARTMENT A LICENSE FEE OF  
15 \$25.

16 (B) PRORATION.--FEES SHALL NOT BE PRORATED.

17 (C) ISSUANCE AND DISPLAY.--ON APPROVAL OF THE APPLICATION  
18 AND PAYMENT OF THE FEES, THE DEPARTMENT SHALL ISSUE THE PROPER  
19 LICENSE WHICH MUST BE CONSPICUOUSLY DISPLAYED AT THE LOCATION  
20 FOR WHICH IT HAS BEEN ISSUED.

21 SECTION 1226-A. ELECTRONIC FILING.

22 THE DEPARTMENT MAY AT ITS DISCRETION REQUIRE THAT ANY OR ALL  
23 RETURNS, REPORTS OR REGISTRATIONS THAT ARE REQUIRED TO BE FILED  
24 UNDER THIS ARTICLE BE FILED ELECTRONICALLY. FAILURE TO  
25 ELECTRONICALLY FILE ANY RETURN, REPORT, REGISTRATION OR OTHER  
26 INFORMATION THE DEPARTMENT MAY DIRECT TO BE FILED ELECTRONICALLY  
27 SHALL SUBJECT THE TAXPAYER TO A PENALTY OF 5% OF THE TAX DUE ON  
28 THE RETURN, UP TO A MAXIMUM OF \$1,000, BUT NOT LESS THAN \$10.  
29 THIS PENALTY SHALL BE ASSESSED AT ANY TIME AND COLLECTED IN THE  
30 MANNER PROVIDED IN THIS ARTICLE. THIS PENALTY SHALL BE IN

1 ADDITION TO ANY CIVIL PENALTY IMPOSED IN THIS ARTICLE FOR  
2 FAILURE TO FURNISH INFORMATION OR FILE A RETURN. THE CRIMINAL  
3 PENALTY FOR FAILURE TO FILE A RETURN ELECTRONICALLY SHALL BE THE  
4 SAME AS THE CRIMINAL PENALTY FOR FAILURE TO FURNISH INFORMATION  
5 OR FILE A RETURN UNDER THIS ARTICLE.

6 SECTION 1227-A. EXPIRATION OF LICENSE.

7 (A) EXPIRATION.--A LICENSE SHALL EXPIRE ON THE LAST DAY OF  
8 JUNE NEXT SUCCEEDING THE DATE UPON WHICH IT WAS ISSUED UNLESS  
9 THE DEPARTMENT AT AN EARLIER DATE SUSPENDS, SURRENDERS OR  
10 REVOKES THE LICENSE.

11 (B) VIOLATION.--AFTER THE EXPIRATION DATE OF THE LICENSE OR  
12 SOONER IF THE LICENSE IS SUSPENDED, SURRENDERED OR REVOKED, IT  
13 SHALL BE ILLEGAL FOR ANY DEALER TO ENGAGE DIRECTLY OR INDIRECTLY  
14 IN THE BUSINESS HERETOFORE CONDUCTED BY THE DEALER FOR WHICH THE  
15 LICENSE WAS ISSUED. ANY LICENSEE WHO SHALL, AFTER THE EXPIRATION  
16 DATE OF THE LICENSE, ENGAGE IN THE BUSINESS THERETOFORE  
17 CONDUCTED BY THE LICENSEE EITHER BY WAY OF PURCHASE, SALE,  
18 DISTRIBUTION OR IN ANY OTHER MANNER DIRECTLY OR INDIRECTLY  
19 ENGAGED IN THE BUSINESS OF DEALING WITH TOBACCO PRODUCTS FOR  
20 PROFIT SHALL BE IN VIOLATION OF THIS ARTICLE AND BE SUBJECT TO  
21 THE PENALTIES PROVIDED IN THIS ARTICLE.

22 SECTION 1228-A. ADMINISTRATION POWERS AND DUTIES.

23 (A) DEPARTMENT.--THE ADMINISTRATION OF THIS ARTICLE IS  
24 HEREBY VESTED IN THE DEPARTMENT. THE DEPARTMENT SHALL ADOPT  
25 RULES AND REGULATIONS FOR THE ENFORCEMENT OF THIS ARTICLE. THE  
26 DEPARTMENT MAY IMPOSE FEES AS MAY BE NECESSARY TO COVER THE  
27 COSTS INCURRED IN ADMINISTERING THIS SECTION.

28 (B) JOINT ADMINISTRATION.--THE DEPARTMENT IS AUTHORIZED TO  
29 JOINTLY ADMINISTER THIS ARTICLE WITH OTHER PROVISIONS OF THIS  
30 ACT, INCLUDING JOINT REPORTING OF INFORMATION, FORMS, RETURNS,

1 STATEMENTS, DOCUMENTS OR OTHER INFORMATION SUBMITTED TO THE  
2 DEPARTMENT.

3 SECTION 1229-A. SALES WITHOUT LICENSE.

4 (A) PENALTY.--ANY PERSON WHO SHALL, WITHOUT BEING THE HOLDER  
5 OF A PROPER UNEXPIRED DEALER'S LICENSE, ENGAGE IN PURCHASING,  
6 SELLING, DISTRIBUTING OR IN ANY OTHER MANNER DIRECTLY OR  
7 INDIRECTLY ENGAGING IN THE BUSINESS OF DEALING WITH TOBACCO  
8 PRODUCTS FOR PROFIT COMMITS A SUMMARY OFFENSE AND SHALL, UPON  
9 CONVICTION, BE SENTENCED TO PAY COSTS OF PROSECUTION AND A FINE  
10 OF NOT LESS THAN \$250 NOR MORE THAN \$1,000, OR TO IMPRISONMENT  
11 FOR NOT MORE THAN 30 DAYS, OR BOTH, AT THE DISCRETION OF THE  
12 COURT.

13 (B) PRIMA FACIE EVIDENCE.--OPEN DISPLAY OF TOBACCO PRODUCTS  
14 IN ANY MANNER SHALL BE PRIMA FACIE EVIDENCE THAT THE PERSON  
15 DISPLAYING SUCH TOBACCO PRODUCTS IS DIRECTLY OR INDIRECTLY  
16 ENGAGING IN THE BUSINESS OF DEALING WITH TOBACCO PRODUCTS FOR  
17 PROFIT.

18 SECTION 1230-A. VIOLATIONS AND PENALTIES.

19 (A) SUSPENSION.--THE LICENSE OF ANY PERSON WHO VIOLATES THIS  
20 ARTICLE MAY BE SUSPENDED AFTER DUE NOTICE AND OPPORTUNITY FOR A  
21 HEARING FOR A PERIOD OF NOT LESS THAN FIVE DAYS OR MORE THAN 30  
22 DAYS FOR A FIRST VIOLATION AND SHALL BE REVOKED OR SUSPENDED FOR  
23 ANY SUBSEQUENT VIOLATION.

24 (B) FINE.--IN ADDITION TO THE PROVISIONS OF SUBSECTION (A),  
25 UPON ADJUDICATION OF A FIRST VIOLATION, THE PERSON SHALL BE  
26 FINED NOT LESS THAN \$2,500 NOR MORE THAN \$5,000. FOR SUBSEQUENT  
27 VIOLATIONS, THE PERSON SHALL, UPON ADJUDICATION THEREOF, BE  
28 FINED NOT LESS THAN \$5,000 NOR MORE THAN \$15,000.

29 (C) CIVIL PENALTY.--A PERSON WHO VIOLATES SECTION 1214-A  
30 (B), (C), OR (D), OR 1225-A(C), SHALL BE SUBJECT TO A CIVIL

1 PENALTY NOT TO EXCEED \$300 PER VIOLATION BUT SHALL NOT BE  
2 SUBJECT TO SUBSECTIONS (A) AND (B).

3 SECTION 1231-A. PROPERTY RIGHTS.

4 (A) INCORPORATION.--SUBJECT TO SUBSECTION (B), SECTION 1285  
5 IS INCORPORATED BY REFERENCE INTO AND SHALL APPLY TO THIS  
6 ARTICLE.

7 (B) ALTERATIONS.--

8 (1) REFERENCES IN SECTION 1285 TO CIGARETTES SHALL APPLY  
9 TO TOBACCO PRODUCTS IN THIS ARTICLE.

10 (2) REFERENCES IN SECTION 1285 TO 2,000 OR MORE  
11 UNSTAMPED CIGARETTES SHALL APPLY TO TOBACCO PRODUCTS WORTH AT  
12 LEAST \$500 IN THIS ARTICLE.

13 (3) REFERENCES IN SECTION 1285 TO MORE THAN 200  
14 UNSTAMPED CIGARETTES SHALL APPLY TO TOBACCO PRODUCTS WORTH AT  
15 LEAST \$50 IN THIS ARTICLE.

16 SECTION 1232-A. SAMPLE OF TOBACCO PRODUCTS.

17 (A) SAMPLES.--THE DEPARTMENT SHALL, BY REGULATION, GOVERN  
18 THE RECEIPT, DISTRIBUTION OF AND PAYMENT OF TAX ON SAMPLE  
19 TOBACCO PRODUCTS ISSUED FOR FREE DISTRIBUTION.

20 (B) CONSTRUCTION.--NOTHING IN THIS ARTICLE OR THE  
21 REGULATIONS PROMULGATED UNDER THIS ARTICLE SHALL PROHIBIT THE  
22 BRINGING INTO THIS COMMONWEALTH BY A MANUFACTURER SAMPLES OF  
23 TOBACCO PRODUCTS TO BE DELIVERED AND DISTRIBUTED ONLY THROUGH  
24 LICENSED DEALERS OR THE MANUFACTURERS OR THEIR SALES  
25 REPRESENTATIVES. THE TAX SHALL BE PAID BY THE MANUFACTURER  
26 PROVIDED ALL SUCH PACKS BEAR THE LEGEND "ALL APPLICABLE STATE  
27 TAXES HAVE BEEN PAID." UNDER NO CIRCUMSTANCES SHALL ANY UNTAXED  
28 TOBACCO PRODUCTS BE SOLD WITHIN THIS COMMONWEALTH.

29 SECTION 1233-A. LABELING AND PACKAGING.

30 IT SHALL BE UNLAWFUL TO KNOWINGLY POSSESS, SELL, GIVE,

1 TRANSFER OR DELIVER TO ANY PERSON, ANY TOBACCO PRODUCT WHERE THE  
2 PACKAGING OF WHICH HAS BEEN MODIFIED OR ALTERED BY A PERSON  
3 OTHER THAN THE ORIGINAL MANUFACTURER. MODIFICATION OR ALTERATION  
4 SHALL INCLUDE THE PLACEMENT OF A STICKER, WRITING OR MARK TO  
5 COVER INFORMATION ON THE PACKAGES. FOR PURPOSES OF THIS SECTION,  
6 A TOBACCO PRODUCT PACKAGE SHALL NOT BE CONSTRUED TO HAVE BEEN  
7 MODIFIED OR ALTERED BY A PERSON OTHER THAN THE MANUFACTURER IF  
8 THE MOST RECENT MODIFICATION OR ALTERATION WAS MADE BY THE  
9 MANUFACTURER OR PERSON AUTHORIZED BY THE MANUFACTURER AND  
10 APPROVED BY THE DEPARTMENT.

11 SECTION 1234-A. INFORMATION EXCHANGE.

12 THE DEPARTMENT IS AUTHORIZED TO EXCHANGE INFORMATION WITH ANY  
13 OTHER FEDERAL, STATE OR LOCAL ENFORCEMENT AGENCY FOR PURPOSES OF  
14 ENFORCING THIS ARTICLE.

15 ARTICLE XXII

16 SEVERANCE TAX

17 SECTION 2201. SHORT TITLE OF ARTICLE.

18 THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE NATURAL  
19 GAS SEVERANCE TAX ACT.

20 SECTION 2202. DEFINITIONS.

21 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
22 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
23 CONTEXT CLEARLY INDICATES OTHERWISE:

24 "ACCREDITED LABORATORY." A FACILITY ENGAGED IN THE TESTING  
25 AND CALIBRATION OF SCIENTIFIC MEASUREMENT DEVICES AND CERTIFIED  
26 BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION AS HAVING MET THE  
27 DEPARTMENT'S STANDARDS FOR ACCREDITATION.

28 "ASSOCIATION." A PARTNERSHIP, LIMITED PARTNERSHIP OR ANY  
29 OTHER FORM OF UNINCORPORATED ENTERPRISE OWNED OR CONDUCTED BY  
30 TWO OR MORE PERSONS.

1 "CORPORATION." A CORPORATION, JOINT STOCK ASSOCIATION,  
2 LIMITED LIABILITY COMPANY, BUSINESS TRUST OR ANY OTHER  
3 INCORPORATED ENTERPRISE ORGANIZED UNDER THE LAWS OF THIS  
4 COMMONWEALTH, THE UNITED STATES OR ANY OTHER STATE, TERRITORY OR  
5 FOREIGN COUNTRY OR DEPENDENCY.

6 "DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

7 "GROSS VALUE." THE VOLUME-WEIGHTED AVERAGE MARKET PRICE FOR  
8 ALL ARMS-LENGTH TRANSACTIONS THAT A PRODUCER RECEIVES AT THE  
9 SALES METER FOR NATURAL GAS DURING A REPORTING PERIOD.

10 "METER." A DEVICE TO MEASURE THE PASSAGE OF VOLUMES OF GASES  
11 OR LIQUIDS PAST A CERTAIN POINT.

12 "MUNICIPALITY." A CITY, BOROUGH, INCORPORATED TOWN OR A  
13 TOWNSHIP.

14 "NATURAL GAS." A FOSSIL FUEL CONSISTING OF A MIXTURE OF  
15 HYDROCARBON GASES, PRIMARILY METHANE, POSSIBLY INCLUDING ETHANE,  
16 PROPANE, BUTANE, PENTANE, CARBON DIOXIDE, OXYGEN, NITROGEN AND  
17 HYDROGEN SULFIDE AND OTHER GAS SPECIES. THE TERM INCLUDES  
18 NATURAL GAS FROM OIL FIELDS KNOWN AS ASSOCIATED GAS OR CASING  
19 HEAD GAS, NATURAL GAS FIELDS KNOWN AS NONASSOCIATED GAS, COAL  
20 BEDS, SHALE BEDS AND OTHER FORMATIONS.

21 "NONPRODUCING SITE." A POINT OF SEVERANCE THAT IS NOT  
22 CAPABLE OF PRODUCING NATURAL GAS IN PAYING QUANTITIES.

23 "PAYING QUANTITIES." PROFIT TO THE PRODUCER, HOWEVER SMALL,  
24 OVER THE PRODUCER'S CURRENT OPERATING EXPENSES.

25 "PERSON." A NATURAL PERSON OR A CORPORATION, FIDUCIARY,  
26 ASSOCIATION OR OTHER ENTITY, INCLUDING THE COMMONWEALTH, ITS  
27 POLITICAL SUBDIVISIONS, INSTRUMENTALITIES AND AUTHORITIES. WHEN  
28 THE TERM IS USED IN A CLAUSE PRESCRIBING AND IMPOSING A PENALTY  
29 OR IMPOSING A FINE OR IMPRISONMENT, OR BOTH, THE TERM SHALL  
30 INCLUDE THE MEMBERS, AS APPLIED TO AN ASSOCIATION, AND THE

1 OFFICERS, AS APPLIED TO A CORPORATION.

2 "PRODUCER." A PERSON WHO ENGAGES OR CONTINUES WITHIN THIS  
3 COMMONWEALTH IN THE BUSINESS OF SEVERING NATURAL GAS FOR SALE,  
4 PROFIT OR COMMERCIAL USE. THE TERM DOES NOT INCLUDE A PERSON WHO  
5 SEVERS NATURAL GAS FROM A STORAGE FIELD.

6 "PRODUCING SITE." A POINT OF SEVERANCE CAPABLE OF PRODUCING  
7 NATURAL GAS IN PAYING QUANTITIES.

8 "REPORTING PERIOD." A CALENDAR MONTH IN WHICH NATURAL GAS IS  
9 SEVERED.

10 "SALES METER." A METER AT THE POINT WHERE NATURAL GAS IS  
11 SOLD OR TRANSPORTED TO A PURCHASER OR MARKET.

12 "SEVER," "SEVERING" OR "SEVERANCE." THE EXTRACTION OR OTHER  
13 REMOVAL OF NATURAL GAS FROM THE SOIL OR WATER OF THIS  
14 COMMONWEALTH.

15 "STORAGE FIELD." A NATURAL FORMATION OR OTHER SITE THAT IS  
16 USED TO STORE NATURAL GAS THAT DID NOT ORIGINATE FROM AND HAS  
17 BEEN INJECTED INTO THE FORMATION OR SITE.

18 "STRIPPER WELL." A PRODUCING SITE OR A NONPRODUCING SITE  
19 THAT IS NOT CAPABLE OF PRODUCING AND DOES NOT PRODUCE MORE THAN  
20 60,000 CUBIC FEET OF NATURAL GAS PER DAY.

21 "TAX." THE TAX IMPOSED UNDER THIS ARTICLE.

22 "TAXPAYER." A PERSON SUBJECT TO THE TAX IMPOSED BY THIS  
23 ARTICLE.

24 "UNIT." A THOUSAND CUBIC FEET OF NATURAL GAS MEASURED AT THE  
25 WELLHEAD AT A TEMPERATURE OF 60 DEGREES FAHRENHEIT AND AN  
26 ABSOLUTE PRESSURE OF 14.73 POUNDS PER SQUARE INCH IN ACCORDANCE  
27 WITH AMERICAN GAS ASSOCIATION STANDARDS AND ACCORDING TO BOYLE'S  
28 LAW FOR THE MEASUREMENT OF GAS UNDER VARYING PRESSURES WITH  
29 DEVIATIONS AS FOLLOWS:

30 (1) THE AVERAGE ABSOLUTE ATMOSPHERIC PRESSURE SHALL BE



1 ASSUMED TO BE 14.4 POUNDS TO THE SQUARE INCH, REGARDLESS OF  
2 ELEVATION OR LOCATION OF POINT OF DELIVERY ABOVE SEA LEVEL OR  
3 VARIATIONS IN ATMOSPHERIC PRESSURE FROM TIME TO TIME.

4 (2) THE TEMPERATURE OF THE GAS PASSING THE METERS SHALL  
5 BE DETERMINED BY THE CONTINUOUS USE OF A RECORDING  
6 THERMOMETER INSTALLED TO PROPERLY RECORD THE TEMPERATURE OF  
7 GAS FLOWING THROUGH THE METERS. THE ARITHMETIC AVERAGE OF THE  
8 TEMPERATURE RECORDED EACH 24-HOUR DAY SHALL BE USED IN  
9 COMPUTING GAS VOLUMES. IF A RECORDING THERMOMETER IS NOT  
10 INSTALLED, OR IF INSTALLED AND NOT OPERATING PROPERLY, AN  
11 AVERAGE FLOWING TEMPERATURE OF 60 DEGREES FAHRENHEIT SHALL BE  
12 USED IN COMPUTING GAS VOLUME.

13 (3) THE SPECIFIC GRAVITY OF THE GAS SHALL BE DETERMINED  
14 ANNUALLY BY TESTS MADE BY THE USE OF AN EDWARDS OR ACME  
15 GRAVITY BALANCE, OR AT INTERVALS AS FOUND NECESSARY IN  
16 PRACTICE. SPECIFIC GRAVITY DETERMINATIONS SHALL BE USED IN  
17 COMPUTING GAS VOLUMES.

18 (4) THE DEVIATION OF THE NATURAL GAS FROM BOYLE'S LAW  
19 SHALL BE DETERMINED BY ANNUAL TESTS OR AT OTHER SHORTER  
20 INTERVALS AS FOUND NECESSARY IN PRACTICE. THE APPARATUS AND  
21 METHOD USED IN MAKING THE TEST SHALL BE IN ACCORDANCE WITH  
22 RECOMMENDATIONS OF THE NATIONAL BUREAU OF STANDARDS OR REPORT  
23 NO. 3 OF THE GAS MEASUREMENT COMMITTEE OF THE AMERICAN GAS  
24 ASSOCIATION, OR AMENDMENTS THERETO. THE RESULTS OF THE TESTS  
25 SHALL BE USED IN COMPUTING THE VOLUME OF GAS DELIVERED UNDER  
26 THIS ARTICLE.

27 "WELLHEAD METER." A METER PLACED AT A PRODUCING OR  
28 NONPRODUCING SITE TO MEASURE THE VOLUME OF NATURAL GAS SEVERED  
29 FOR WHICH A WELLHEAD METER CERTIFICATION HAS BEEN ISSUED.

30 "WELLHEAD METER CERTIFICATION." A REPORT ISSUED BY AN

1 ACCREDITED LABORATORY CERTIFYING THE ACCURACY OF A WELLHEAD  
2 METER.

3 SECTION 2203. IMPOSITION OF TAX.

4 (A) ESTABLISHMENT.--THERE IS LEVIED A NATURAL GAS SEVERANCE  
5 TAX ON EVERY PRODUCER.

6 (B) RATE.--THE TAX IMPOSED IN SUBSECTION (A) SHALL BE 8% OF  
7 THE GROSS VALUE OF UNITS SEVERED AT THE WELLHEAD DURING A  
8 REPORTING PERIOD, PLUS 7 CENTS PER UNIT SEVERED, BUT SHALL NOT  
9 BE IMPOSED ON UNITS SEVERED FROM A STRIPPER WELL.

10 SECTION 2204. RETURN AND PAYMENT.

11 (A) REQUIREMENT.--EVERY PRODUCER IS REQUIRED TO FILE A  
12 RETURN WITH THE DEPARTMENT, ON A FORM TO BE PRESCRIBED BY THE  
13 DEPARTMENT, REPORTING ALL SEVERED NATURAL GAS PER REPORTING  
14 PERIOD AND THE TAX DUE UNDER SECTION 2203.

15 (A.1) ADDITIONAL INFORMATION.--THE DEPARTMENT MAY REQUIRE  
16 INFORMATION NECESSARY FOR COMPLIANCE WITH THE ACT OF DECEMBER  
17 19, 1984 (P.L.1140, NO.223), KNOWN AS THE OIL AND GAS ACT, ON  
18 THE RETURNS REQUIRED UNDER THIS SECTION OR THE APPLICATIONS  
19 REQUIRED UNDER SECTION 2205. INFORMATION ON THE RETURNS OR  
20 APPLICATIONS MAY BE PROVIDED TO THE DEPARTMENT OF ENVIRONMENTAL  
21 PROTECTION.

22 (A.2) OTHER REQUIRED SUBMISSIONS BY APPLICANT.--

23 (1) AN APPLICANT FOR THE GRANT, RENEWAL OR TRANSFER OF A  
24 PERMIT ISSUED UNDER SECTION 201 OF THE OIL AND GAS ACT SHALL  
25 PROVIDE TO THE DEPARTMENT OF ENVIRONMENTAL PROTECTION, UPON  
26 FORMS APPROVED BY THE DEPARTMENT, THE FOLLOWING:

27 (I) THE APPLICANT'S STATE PERSONAL INCOME TAX  
28 IDENTIFICATION NUMBER.

29 (II) THE APPLICANT'S STATE SALES TAX NUMBER.

30 (III) THE APPLICANT'S STATE CORPORATION TAX NUMBER.

1           (IV) THE APPLICANT'S STATE EMPLOYER WITHHOLDING TAX  
2           NUMBER.

3           (V) THE APPLICANT'S UNEMPLOYMENT COMPENSATION  
4           ACCOUNT NUMBER.

5           (VI) A STATEMENT THAT:

6                   (A) STATE TAX REPORTS HAVE BEEN FILED AND STATE  
7                   TAXES PAID;

8                   (B) STATE TAXES ARE SUBJECT TO A TIMELY  
9                   ADMINISTRATIVE OR JUDICIAL APPEAL; OR

10                   (C) STATE TAXES ARE SUBJECT TO A DULY APPROVED  
11                   DEFERRED PAYMENT PLAN.

12           (2) AN APPLICANT FOR THE GRANT, RENEWAL OR TRANSFER OF A  
13           PERMIT REFERRED TO IN PARAGRAPH (1) ISSUED SHALL, BY THE  
14           FILING OF AN APPLICATION AS IT RELATES TO THE DEPARTMENT OF  
15           ENVIRONMENTAL PROTECTION WAIVE CONFIDENTIALITY REGARDING  
16           STATE TAX INFORMATION REGARDING THE APPLICATION IN THE  
17           POSSESSION OF THE DEPARTMENT, THE OFFICE OF ATTORNEY GENERAL  
18           OR THE DEPARTMENT OF LABOR AND INDUSTRY, REGARDLESS OF THE  
19           SOURCE OF THAT INFORMATION AND SHALL CONSENT TO THE PROVIDING  
20           OF THE INFORMATION TO THE BOARD BY THE DEPARTMENT, THE OFFICE  
21           OF ATTORNEY GENERAL OR THE DEPARTMENT OF LABOR AND INDUSTRY.

22           (3) UPON RECEIPT OF AN APPLICATION FOR THE GRANT,  
23           RENEWAL OR TRANSFER OF A PERMIT REFERRED TO IN PARAGRAPH (1),  
24           THE DEPARTMENT OF ENVIRONMENTAL PROTECTION SHALL REVIEW THE  
25           STATE TAX STATUS OF THE APPLICANT. THE DEPARTMENT OF  
26           ENVIRONMENTAL PROTECTION SHALL REQUEST STATE TAX INFORMATION  
27           REGARDING THE APPLICANT FROM THE DEPARTMENT, THE OFFICE OF  
28           ATTORNEY GENERAL OR THE DEPARTMENT OF LABOR AND INDUSTRY AND  
29           SAID INFORMATION SHALL BE PROVIDED.

30           (4) THE DEPARTMENT OF ENVIRONMENTAL PROTECTION SHALL NOT

1 APPROVE AN APPLICATION FOR THE GRANT, RENEWAL OR TRANSFER OF  
2 A LICENSE ISSUED UNDER THIS ARTICLE WHERE THE APPLICANT HAS  
3 FAILED TO:

4 (I) PROVIDE THE INFORMATION REQUIRED BY PARAGRAPH  
5 (1);

6 (II) FILE REQUIRED STATE TAX REPORTS; OR

7 (III) PAY STATE TAXES NOT SUBJECT TO A TIMELY  
8 ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A DULY  
9 AUTHORIZED DEFERRED PAYMENT PLAN.

10 (5) FOR THE PURPOSE OF THIS SECTION, THE TERM  
11 "APPLICANT" SHALL INCLUDE THE TRANSFEROR AND TRANSFEREE OF A  
12 PERMIT REFERRED TO IN PARAGRAPH (1).

13 (6) UPON THE REQUIRED SUBMISSION OF THE PERMIT FEE OR  
14 UPON ISSUANCE OR TRANSFER OF ANY PERMIT REFERRED TO IN  
15 PARAGRAPH (1), IF THE DEPARTMENT OR THE DEPARTMENT OF LABOR  
16 AND INDUSTRY NOTIFIES THE BOARD OF NONCOMPLIANCE WITH THE  
17 PROVISIONS OF THIS SUBSECTION, THE BOARD SHALL NOT ISSUE OR  
18 TRANSFER THE PERMIT. AN APPEAL FILED THEREFROM SHALL NOT ACT  
19 AS A SUPERSEDEAS.

20 (7) THIS SECTION SHALL ALSO BE APPLICABLE TO A  
21 MANAGEMENT COMPANY UTILIZED BY THE APPLICANT.

22 (B) FILING.--THE RETURN REQUIRED BY SUBSECTION (A) SHALL BE  
23 FILED WITH THE DEPARTMENT WITHIN 15 DAYS FOLLOWING THE END OF  
24 THE SECOND CALENDAR MONTH AFTER A REPORTING PERIOD.

25 (C) DEADLINE.--THE TAX IMPOSED UNDER SECTION 2203 IS DUE ON  
26 THE DAY THE RETURN IS REQUIRED TO BE FILED AND BECOMES  
27 DELINQUENT IF NOT REMITTED TO THE DEPARTMENT BY THAT DATE.  
28 SECTION 2205. NATURAL GAS SEVERANCE TAX REGISTRATION.

29 (A) APPLICATION.--BEFORE A PRODUCER SEVERES NATURAL GAS IN  
30 THIS COMMONWEALTH, THE PRODUCER SHALL APPLY TO THE DEPARTMENT

1 FOR A NATURAL GAS SEVERANCE TAX REGISTRATION CERTIFICATE.

2 (A.1) APPLICATION FEE.--THE DEPARTMENT MAY CHARGE AN  
3 APPLICATION FEE TO COVER THE ADMINISTRATIVE COSTS ASSOCIATED  
4 WITH THE APPLICATION AND REGISTRATION PROCESS. IF THE DEPARTMENT  
5 CHARGES AN APPLICATION FEE, THE DEPARTMENT SHALL NOT ISSUE A  
6 REGISTRATION CERTIFICATE UNTIL THE PRODUCER HAS PAID THE  
7 APPLICATION FEE.

8 (A.2) DECLARATION.--THE PRODUCER SHALL INCLUDE IN ITS  
9 APPLICATION A DECLARATION OF ALL SITES IN THIS COMMONWEALTH USED  
10 BY THE PRODUCER FOR THE SEVERANCE OF NATURAL GAS. THE  
11 DECLARATION IS TO INCLUDE ALL PRODUCING SITES AND NONPRODUCING  
12 SITES AS WELL AS WELLHEAD METER CERTIFICATION FOR EACH. THE  
13 PRODUCER IS REQUIRED TO UPDATE THE DECLARATION WHEN THE PRODUCER  
14 ADDS OR REMOVES A PRODUCING SITE OR NONPRODUCING SITE IN THIS  
15 COMMONWEALTH OR WHEN THERE IS A CHANGE IN THE STATUS OF A  
16 PRODUCING SITE OR NONPRODUCING SITE OR WHEN THE PRODUCER USES A  
17 DIFFERENT ACCREDITED LABORATORY TO CERTIFY THE ACCURACY OF THE  
18 PRODUCER'S WELLHEAD METERS. THE PRODUCER SHALL UPDATE THE  
19 DECLARATION WITHIN 30 DAYS AFTER A CALENDAR MONTH IN WHICH A  
20 CHANGE TO THE DECLARATION OCCURS.

21 (B) ISSUANCE.--EXCEPT AS PROVIDED IN SUBSECTION (C), AFTER  
22 THE RECEIPT OF AN APPLICATION, THE DEPARTMENT SHALL ISSUE A  
23 REGISTRATION CERTIFICATE UNDER SUBSECTION (A). THE REGISTRATION  
24 CERTIFICATE SHALL BE NONASSIGNABLE. ALL REGISTRANTS SHALL BE  
25 REQUIRED TO RENEW THEIR REGISTRATION CERTIFICATES AND WELLHEAD  
26 METER CERTIFICATIONS ON A STAGGERED RENEWAL SYSTEM ESTABLISHED  
27 BY THE DEPARTMENT. AFTER THE INITIAL STAGGERED RENEWAL PERIOD, A  
28 REGISTRATION CERTIFICATE OR A WELLHEAD METER CERTIFICATION  
29 ISSUED SHALL BE VALID FOR A PERIOD OF FIVE YEARS.

30 (C) REFUSAL, SUSPENSION OR REVOCATION.--THE DEPARTMENT MAY

1 REFUSE TO ISSUE, SUSPEND OR REVOKE A REGISTRATION CERTIFICATE IF  
2 THE APPLICANT OR REGISTRANT HAS NOT FILED REQUIRED STATE TAX  
3 REPORTS AND PAID STATE TAXES NOT SUBJECT TO A TIMELY PERFECTED  
4 ADMINISTRATIVE OR JUDICIAL APPEAL OR SUBJECT TO A DULY  
5 AUTHORIZED DEFERRED PAYMENT PLAN. THE DEPARTMENT SHALL NOTIFY  
6 THE APPLICANT OR REGISTRANT OF ANY REFUSAL, SUSPENSION OR  
7 REVOCAION. THE NOTICE SHALL CONTAIN A STATEMENT THAT THE  
8 REFUSAL, SUSPENSION OR REVOCAION MAY BE MADE PUBLIC. THE NOTICE  
9 SHALL BE MADE BY FIRST CLASS MAIL. AN APPLICANT OR REGISTRANT  
10 AGGRIEVED BY THE DETERMINATION OF THE DEPARTMENT MAY FILE AN  
11 APPEAL UNDER THE PROVISIONS FOR ADMINISTRATIVE APPEALS OF THIS  
12 ACT. IN THE CASE OF A SUSPENSION OR REVOCAION WHICH IS  
13 APPEALED, THE REGISTRATION CERTIFICATE SHALL REMAIN VALID  
14 PENDING A FINAL OUTCOME OF THE APPEALS PROCESS. NOTWITHSTANDING  
15 SECTIONS 274, 353(F), 408(B), 603, 702, 802, 904 AND 1102 OR ANY  
16 OTHER PROVISION OF LAW, IF NO APPEAL IS TAKEN OR IF AN APPEAL IS  
17 TAKEN AND DENIED AT THE CONCLUSION OF THE APPEAL PROCESS THE  
18 DEPARTMENT MAY DISCLOSE, BY PUBLICATION OR OTHERWISE, THE  
19 IDENTITY OF A PRODUCER AND THE FACT THAT THE PRODUCER'S  
20 REGISTRATION CERTIFICATE HAS BEEN REFUSED, SUSPENDED OR REVOKED  
21 UNDER THIS SUBSECTION. DISCLOSURE MAY INCLUDE THE BASIS FOR  
22 REFUSAL, SUSPENSION OR REVOCAION.

23 (D) VIOLATION.--A PERSON SEVERING NATURAL GAS IN THIS  
24 COMMONWEALTH WITHOUT HOLDING A VALID REGISTRATION CERTIFICATE  
25 UNDER SUBSECTION (B) SHALL BE GUILTY OF A SUMMARY OFFENSE AND  
26 SHALL, UPON CONVICTION, BE SENTENCED TO PAY A FINE OF NOT LESS  
27 THAN \$300 NOR MORE THAN \$1,500. IN THE EVENT THE PERSON  
28 CONVICTED DEFAULTS, HE SHALL BE SENTENCED TO IMPRISONMENT FOR  
29 NOT LESS THAN FIVE DAYS NOR MORE THAN 30 DAYS. THE PENALTIES  
30 IMPOSED BY THIS SUBSECTION SHALL BE IN ADDITION TO ANY OTHER

1 PENALTIES IMPOSED BY THIS ARTICLE. FOR PURPOSES OF THIS  
2 SUBSECTION, THE SEVERING OF NATURAL GAS DURING ANY CALENDAR DAY  
3 SHALL CONSTITUTE A SEPARATE VIOLATION. THE SECRETARY OF REVENUE  
4 MAY DESIGNATE EMPLOYEES OF THE DEPARTMENT TO ENFORCE THE  
5 PROVISIONS OF THIS SUBSECTION. THE EMPLOYEES SHALL EXHIBIT PROOF  
6 OF AND BE WITHIN THE SCOPE OF THE DESIGNATION WHEN INSTITUTING  
7 PROCEEDINGS AS PROVIDED BY THE PENNSYLVANIA RULES OF CRIMINAL  
8 PROCEDURE.

9 (E) FAILURE TO OBTAIN REGISTRATION CERTIFICATE.--FAILURE TO  
10 OBTAIN OR HOLD A VALID REGISTRATION CERTIFICATE DOES NOT RELIEVE  
11 A PERSON FROM LIABILITY FOR THE TAX IMPOSED BY THIS ARTICLE.

12 SECTION 2205.1. METERS.

13 A PRODUCER SHALL PROVIDE FOR AND MAINTAIN A DISCRETE WELLHEAD  
14 METER AND A DISCRETE SALES METER. A PRODUCER SHALL ENSURE THAT  
15 THE METERS ARE MAINTAINED ACCORDING TO INDUSTRY STANDARDS. ANY  
16 WELLHEAD METER INSTALLED AFTER THE EFFECTIVE DATE OF THIS  
17 SECTION SHALL BE A DIGITAL METER.

18 SECTION 2206. ASSESSMENTS.

19 (A) AUTHORIZATION AND REQUIREMENT.--THE DEPARTMENT IS  
20 AUTHORIZED AND SHALL MAKE THE INQUIRIES, DETERMINATIONS AND  
21 ASSESSMENTS OF THE NATURAL GAS SEVERANCE TAX, INCLUDING  
22 INTEREST, ADDITIONS AND PENALTIES IMPOSED UNDER THIS ARTICLE.

23 (B) NOTICE.--THE NOTICE OF ASSESSMENT AND DEMAND FOR PAYMENT  
24 SHALL BE MAILED TO THE TAXPAYER. THE NOTICE SHALL SET FORTH THE  
25 BASIS OF THE ASSESSMENT. THE DEPARTMENT SHALL SEND THE NOTICE OF  
26 ASSESSMENT TO THE TAXPAYER AT ITS REGISTERED ADDRESS VIA  
27 CERTIFIED MAIL IF THE ASSESSMENT INCREASES THE TAXPAYER'S TAX  
28 LIABILITY BY \$300. OTHERWISE, THE NOTICE OF ASSESSMENT MAY BE  
29 SENT VIA REGULAR MAIL.

30 SECTION 2207. TIME FOR ASSESSMENT.

1     (A) REQUIREMENT.--AN ASSESSMENT AS PROVIDED UNDER SECTION  
2 2206 SHALL BE MADE WITHIN THREE YEARS AFTER THE DATE WHEN THE  
3 RETURN PROVIDED FOR BY SECTION 2204 IS FILED OR THE END OF THE  
4 YEAR IN WHICH THE TAX LIABILITY ARISES, WHICHEVER SHALL OCCUR  
5 LAST. FOR THE PURPOSES OF THIS SUBSECTION AND SUBSECTION (B), A  
6 RETURN FILED BEFORE THE LAST DAY PRESCRIBED FOR THE FILING  
7 PERIOD SHALL BE CONSIDERED AS FILED ON THE LAST DAY.

8     (B) EXCEPTION.--IF THE TAXPAYER UNDERPAYS THE CORRECT AMOUNT  
9 OF THE TAX DUE BY 25% OR MORE, THE TAX MAY BE ASSESSED WITHIN  
10 SIX YEARS AFTER THE DATE THE RETURN WAS FILED.

11     (C) INTENT TO EVADE.--WHERE NO RETURN IS FILED OR WHERE THE  
12 TAXPAYER FILES A FALSE OR FRAUDULENT RETURN WITH INTENT TO EVADE  
13 THE TAX IMPOSED BY THIS ARTICLE, THE ASSESSMENT MAY BE MADE AT  
14 ANY TIME.

15     (D) ERRONEOUS CREDIT OR REFUND.--WITHIN THREE YEARS OF THE  
16 GRANTING OF A REFUND OR CREDIT OR WITHIN THE PERIOD IN WHICH AN  
17 ASSESSMENT OR REASSESSMENT MAY HAVE BEEN ISSUED BY THE  
18 DEPARTMENT FOR THE TAXABLE PERIOD FOR WHICH THE REFUND WAS  
19 GRANTED, WHICHEVER PERIOD SHALL LAST OCCUR, THE DEPARTMENT MAY  
20 ISSUE AN ASSESSMENT TO RECOVER A REFUND OR CREDIT MADE OR  
21 ALLOWED ERRONEOUSLY.

22 SECTION 2208. EXTENSION OF LIMITATION PERIOD.

23     NOTWITHSTANDING THE PROVISIONS OF THIS ARTICLE, THE  
24 ASSESSMENT PERIOD MAY BE EXTENDED IN THE EVENT A TAXPAYER HAS  
25 PROVIDED WRITTEN CONSENT BEFORE THE EXPIRATION OF THE PERIOD  
26 PROVIDED IN SECTION 2207 FOR A TAX ASSESSMENT. THE AMOUNT OF TAX  
27 DUE MAY BE ASSESSED AT ANY TIME WITHIN THE EXTENDED PERIOD. THE  
28 PERIOD MAY BE EXTENDED FURTHER BY SUBSEQUENT WRITTEN CONSENTS  
29 MADE BEFORE THE EXPIRATION OF THE EXTENDED PERIOD.

30 SECTION 2209. REASSESSMENTS.



1 A TAXPAYER AGAINST WHOM AN ASSESSMENT IS MADE MAY PETITION  
2 THE DEPARTMENT FOR A REASSESSMENT UNDER ARTICLE XXVII.  
3 SECTION 2210. INTEREST.

4 THE DEPARTMENT SHALL ASSESS INTEREST ON ANY DELINQUENT TAX AT  
5 THE RATE PRESCRIBED UNDER SECTION 806 OF THE ACT OF APRIL 9,  
6 1929 (P.L.343, NO. 176), KNOWN AS THE FISCAL CODE.  
7 SECTION 2211. PENALTIES.

8 THE DEPARTMENT SHALL ENFORCE THE FOLLOWING PENALTIES:

9 (1) A PENALTY AGAINST A VALID PRODUCER WITHOUT A NATURAL  
10 GAS SEVERANCE TAX REGISTRATION CERTIFICATE. THE PENALTY SHALL  
11 BE \$1 FOR EVERY UNIT SEVERED WITHOUT A VALID REGISTRATION  
12 CERTIFICATE. THE DEPARTMENT MAY ASSESS THIS PENALTY  
13 SEPARATELY FROM OR IN CONJUNCTION WITH ANY ASSESSMENT OF THE  
14 NATURAL GAS SEVERANCE TAX.

15 (2) A PENALTY AGAINST A PRODUCER FOR FAILURE TO TIMELY  
16 FILE A RETURN AS REQUIRED UNDER SECTION 2204. THE PENALTY  
17 SHALL BE 5% OF THE TAX LIABILITY TO BE REPORTED ON THE RETURN  
18 FOR EACH DAY BEYOND THE DUE DATE THAT THE RETURN IS NOT  
19 FILED.

20 (3) IN ADDITION TO THE PENALTY UNDER PARAGRAPH (2), A  
21 PENALTY AGAINST THE PRODUCER FOR A WILLFUL FAILURE TO TIMELY  
22 FILE A RETURN. THE PENALTY SHALL BE 200% OF THE TAX LIABILITY  
23 REQUIRED TO BE REPORTED ON THE RETURN.

24 (4) A PENALTY AGAINST A PRODUCER FOR FAILURE TO TIMELY  
25 PAY THE TAX AS REQUIRED BY SECTION 2204(C). THE PENALTY SHALL  
26 BE 5% OF THE AMOUNT OF TAX DUE FOR EACH DAY BEYOND THE  
27 PAYMENT DATE THAT THE TAX IS NOT PAID.

28 SECTION 2212. CRIMINAL ACTS.

29 (A) FRAUDULENT RETURN.--ANY PERSON WITH INTENT TO DEFRAUD  
30 THE COMMONWEALTH, WHO WILLFULLY MAKES OR CAUSES TO BE MADE A

1 RETURN REQUIRED BY THIS ARTICLE WHICH IS FALSE, IS GUILTY OF A  
2 MISDEMEANOR AND SHALL, UPON CONVICTION, BE SENTENCED TO PAY A  
3 FINE OF NOT MORE THAN \$2,000 OR TO IMPRISONMENT FOR NOT MORE  
4 THAN THREE YEARS, OR BOTH.

5 (B) OTHER CRIMES.--

6 (1) EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION (A), A  
7 PERSON IS GUILTY OF A MISDEMEANOR AND SHALL, UPON CONVICTION,  
8 BE SENTENCED TO PAY A FINE OF NOT MORE THAN \$1,000 AND COSTS  
9 OF PROSECUTION OR TO IMPRISONMENT FOR NOT MORE THAN ONE YEAR,  
10 OR BOTH, FOR ANY OF THE FOLLOWING:

11 (I) WILLFULLY FAILING TO TIMELY REMIT THE TAX TO THE  
12 DEPARTMENT.

13 (II) WILLFULLY FAILING OR NEGLECTING TO TIMELY FILE  
14 A RETURN OR REPORT REQUIRED BY THIS ARTICLE.

15 (III) REFUSING TO TIMELY PAY A TAX, PENALTY OR  
16 INTEREST IMPOSED OR PROVIDED FOR BY THIS ARTICLE.

17 (IV) WILLFULLY FAILING TO PRESERVE ITS BOOKS, PAPERS  
18 AND RECORDS AS DIRECTED BY THE DEPARTMENT.

19 (V) REFUSING TO PERMIT THE DEPARTMENT OR ITS  
20 AUTHORIZED AGENTS TO EXAMINE ITS BOOKS, RECORDS OR  
21 PAPERS.

22 (VI) KNOWINGLY MAKE ANY INCOMPLETE, FALSE OR  
23 FRAUDULENT RETURN OR REPORT.

24 (VII) PREVENTING OR ATTEMPTING TO PREVENT THE FULL  
25 DISCLOSURE OF THE AMOUNT OF NATURAL GAS SEVERANCE TAX  
26 DUE.

27 (VIII) PROVIDING ANY PERSON WITH A FALSE STATEMENT  
28 AS TO THE PAYMENT OF NATURAL GAS SEVERANCE TAX WITH  
29 RESPECT TO ANY PERTINENT FACTS.

30 (IX) MAKING, UTTERING OR ISSUING A FALSE OR

1           FRAUDULENT STATEMENT.

2           (2) THE PENALTIES IMPOSED BY THIS SECTION SHALL BE IN  
3           ADDITION TO OTHER PENALTIES IMPOSED BY THIS ARTICLE.

4 SECTION 2213. ABATEMENT OF ADDITIONS OR PENALTIES.

5           UPON THE FILING OF A PETITION FOR REASSESSMENT OR A PETITION  
6 FOR REFUND BY A TAXPAYER AS PROVIDED UNDER THIS ARTICLE,  
7 ADDITIONS OR PENALTIES IMPOSED UPON THE TAXPAYER BY THIS ARTICLE  
8 MAY BE WAIVED OR ABATED IN WHOLE OR IN PART WHERE THE PETITIONER  
9 ESTABLISHES THAT HE ACTED IN GOOD FAITH, WITHOUT NEGLIGENCE AND  
10 WITH NO INTENT TO DEFRAUD.

11 SECTION 2214. BULK AND AUCTION SALES.

12           A PERSON THAT SELLS OR CAUSES TO BE SOLD AT AUCTION, OR THAT  
13 SELLS OR TRANSFERS IN BULK, 51% OR MORE OF A STOCK OF GOODS,  
14 WARES OR MERCHANDISE OF ANY KIND, FIXTURES, MACHINERY,  
15 EQUIPMENT, BUILDINGS OR REAL ESTATE INVOLVED IN A BUSINESS FOR  
16 WHICH THE PERSON HOLDS A REGISTRATION CERTIFICATE OR IS REQUIRED  
17 TO OBTAIN A REGISTRATION CERTIFICATE UNDER THE PROVISIONS OF  
18 THIS ARTICLE SHALL BE SUBJECT TO THE PROVISIONS OF SECTION 1403  
19 OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE  
20 FISCAL CODE.

21 SECTION 2215. COLLECTION UPON FAILURE TO REQUEST REASSESSMENT,  
22           REVIEW OR APPEAL.

23           (A) POWER OF DEPARTMENT.--THE DEPARTMENT MAY COLLECT THE  
24 NATURAL GAS SEVERANCE TAX:

25           (1) IF AN ASSESSMENT OF THE TAX IS NOT PAID WITHIN 30  
26 DAYS AFTER NOTICE TO THE TAXPAYER WHEN NO PETITION FOR  
27 REASSESSMENT HAS BEEN FILED.

28           (2) WITHIN 60 DAYS OF THE REASSESSMENT, IF NO PETITION  
29 FOR REVIEW HAS BEEN FILED.

30           (3) IF NO APPEAL HAS BEEN MADE, WITHIN 30 DAYS OF:

1           (I) THE BOARD OF FINANCE AND REVENUE'S DECISION OF A  
2           PETITION FOR REVIEW; OR

3           (II) THE EXPIRATION OF THE BOARD'S TIME FOR ACTING  
4           UPON THE PETITION.

5           (4) IN ALL CASES OF JUDICIAL SALES, RECEIVERSHIPS,  
6           ASSIGNMENTS OR BANKRUPTCIES.

7           (B) PROHIBITION.--IN A CASE FOR THE COLLECTION OF TAXES  
8           UNDER SUBSECTION (A), THE TAXPAYER AGAINST WHOM THEY WERE  
9           ASSESSED SHALL NOT BE PERMITTED TO SET UP A GROUND OF DEFENSE  
10           THAT MIGHT HAVE BEEN DETERMINED BY THE DEPARTMENT, THE BOARD OF  
11           FINANCE AND REVENUE OR THE COURTS, PROVIDED THAT THE DEFENSE OF  
12           FAILURE OF THE DEPARTMENT TO MAIL NOTICE OF ASSESSMENT OR  
13           REASSESSMENT TO THE TAXPAYER AND THE DEFENSE OF PAYMENT OF  
14           ASSESSMENT OR REASSESSMENT MAY BE RAISED IN PROCEEDINGS FOR  
15           COLLECTION BY A MOTION TO STAY THE PROCEEDINGS.

16           SECTION 2216. TAX LIENS.

17           (A) LIEN IMPOSED.--IF ANY TAXPAYER NEGLECTS OR REFUSES TO  
18           PAY THE NATURAL GAS SEVERANCE TAX FOR WHICH THE TAXPAYER IS  
19           LIABLE UNDER THIS ARTICLE AFTER DEMAND, THE AMOUNT, INCLUDING  
20           INTEREST, ADDITION OR PENALTY, TOGETHER WITH ADDITIONAL COSTS  
21           THAT MAY ACCRUE, SHALL BE A LIEN IN FAVOR OF THE COMMONWEALTH  
22           UPON THE REAL AND PERSONAL PROPERTY OF THE TAXPAYER BUT ONLY  
23           AFTER THE SAME HAS BEEN ENTERED AND DOCKETED OF RECORD BY THE  
24           PROTHONOTARY OF THE COUNTY WHERE THE PROPERTY IS SITUATED. THE  
25           DEPARTMENT MAY, AT ANY TIME, TRANSMIT TO THE PROTHONOTARIES OF  
26           THE RESPECTIVE COUNTIES CERTIFIED COPIES OF ALL LIENS IMPOSED BY  
27           THIS SECTION. IT SHALL BE THE DUTY OF THE PROTHONOTARY RECEIVING  
28           THE LIEN TO ENTER AND DOCKET THE SAME OF RECORD TO THE OFFICE OF  
29           THE PROTHONOTARY. THE LIEN SHALL BE INDEXED AS JUDGMENTS ARE NOW  
30           INDEXED. NO PROTHONOTARY SHALL REQUIRE AS A CONDITION PRECEDENT

1 TO THE ENTRY OF THE LIEN THE PAYMENT OF COSTS INCIDENTAL TO ITS  
2 ENTRY.

3 (B) PRIORITY OF LIEN AND EFFECT ON JUDICIAL SALE.--EXCEPT  
4 FOR THE COSTS OF THE SALE AND THE WRIT UPON WHICH THE SALE WAS  
5 MADE AND REAL ESTATE TAXES AND MUNICIPAL CLAIMS AGAINST THE  
6 PROPERTY, A LIEN IMPOSED UNDER THIS SECTION SHALL HAVE PRIORITY  
7 FROM THE DATE OF ITS RECORDING AND SHALL BE FULLY PAID AND  
8 SATISFIED OUT OF THE PROCEEDS OF ANY JUDICIAL SALE OF PROPERTY  
9 SUBJECT TO THE LIEN, BEFORE ANY OTHER OBLIGATION, JUDGMENT,  
10 CLAIM, LIEN OR ESTATE TO WHICH THE PROPERTY MAY SUBSEQUENTLY  
11 BECOME SUBJECT, BUT SHALL BE SUBORDINATE TO MORTGAGES AND OTHER  
12 LIENS EXISTING AND DULY RECORDED OR ENTERED OF RECORD PRIOR TO  
13 THE RECORDING OF THE LIEN.

14 (C) NO DISCHARGE BY SALE ON JUNIOR LIEN.--IN THE CASE OF A  
15 JUDICIAL SALE OF PROPERTY SUBJECT TO A LIEN IMPOSED UNDER THIS  
16 SECTION, UPON A LIEN OR CLAIM OVER WHICH THE LIEN IMPOSED UNDER  
17 THIS SECTION HAS PRIORITY, THE SALE SHALL DISCHARGE THE LIEN  
18 IMPOSED UNDER THIS SECTION TO THE EXTENT ONLY THAT THE PROCEEDS  
19 ARE APPLIED TO ITS PAYMENT, AND THE LIEN SHALL CONTINUE IN FULL  
20 FORCE AND EFFECT AS TO THE BALANCE REMAINING UNPAID. THERE SHALL  
21 BE NO INQUISITION OR CONDEMNATION UPON ANY JUDICIAL SALE OF REAL  
22 ESTATE MADE BY THE COMMONWEALTH UNDER THE PROVISIONS OF THIS  
23 ARTICLE. THE LIEN SHALL CONTINUE AS PROVIDED IN THE ACT OF APRIL  
24 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, AND A WRIT  
25 OF EXECUTION MAY DIRECTLY ISSUE UPON THE LIEN WITHOUT THE  
26 ISSUANCE AND PROSECUTION TO JUDGMENT OF A WRIT OF SCIRE FACIAS,  
27 PROVIDED THAT NOT LESS THAN TEN DAYS BEFORE ISSUANCE OF ANY  
28 EXECUTION ON THE LIEN, NOTICE OF THE FILING AND THE EFFECT OF  
29 THE LIEN SHALL BE SENT BY REGISTERED MAIL TO THE TAXPAYER AT ITS  
30 LAST KNOWN POST OFFICE ADDRESS, PROVIDED FURTHER THAT THE LIEN

1 SHALL HAVE NO EFFECT UPON ANY STOCK OF GOODS, WARES OR  
2 MERCHANDISE REGULARLY SOLD OR LEASED IN THE ORDINARY COURSE OF  
3 BUSINESS BY THE TAXPAYER AGAINST WHOM THE LIEN HAS BEEN ENTERED,  
4 UNLESS AND UNTIL A WRIT OF EXECUTION HAS BEEN ISSUED AND A LEVY  
5 MADE UPON SAID STOCK OF GOODS, WARES AND MERCHANDISE.

6 (D) DUTY OF PROTHONOTARY.--ANY WILLFUL FAILURE OF ANY  
7 PROTHONOTARY TO CARRY OUT ANY DUTY IMPOSED UPON HIM BY THIS  
8 SECTION SHALL BE A MISDEMEANOR. UPON CONVICTION, HE SHALL BE  
9 SENTENCED TO PAY A FINE OF NOT MORE THAN \$1,000 AND COSTS OF  
10 PROSECUTION OR TO IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR  
11 BOTH.

12 (E) PRIORITY.--EXCEPT AS PROVIDED IN THIS ARTICLE, THE  
13 DISTRIBUTION, VOLUNTARY OR COMPULSORY, IN RECEIVERSHIP,  
14 BANKRUPTCY OR OTHERWISE OF THE PROPERTY OR ESTATE OF ANY PERSON,  
15 ALL TAXES IMPOSED BY THIS ARTICLE WHICH ARE DUE AND UNPAID AND  
16 ARE NOT COLLECTIBLE UNDER THE PROVISIONS OF SECTION 225, SHALL  
17 BE PAID FROM THE FIRST MONEY AVAILABLE FOR DISTRIBUTION IN  
18 PRIORITY TO ALL OTHER CLAIMS AND LIENS, EXCEPT AS THE LAWS OF  
19 THE UNITED STATES MAY GIVE PRIORITY TO A CLAIM TO THE FEDERAL  
20 GOVERNMENT. A PERSON CHARGED WITH THE ADMINISTRATION OR  
21 DISTRIBUTION OF THE PROPERTY OR ESTATE WHO VIOLATES THE  
22 PROVISIONS OF THIS SECTION SHALL BE PERSONALLY LIABLE FOR THE  
23 TAXES IMPOSED BY THIS ARTICLE WHICH ARE ACCRUED AND UNPAID AND  
24 CHARGEABLE AGAINST THE PERSON WHOSE PROPERTY OR ESTATE IS BEING  
25 ADMINISTERED OR DISTRIBUTED.

26 (F) OTHER REMEDIES.--SUBJECT TO THE LIMITATIONS CONTAINED IN  
27 THIS ARTICLE AS TO THE ASSESSMENT OF TAXES, NOTHING CONTAINED IN  
28 THIS SECTION SHALL BE CONSTRUED TO RESTRICT, PROHIBIT OR LIMIT  
29 THE USE BY THE DEPARTMENT IN COLLECTING TAXES DUE AND PAYABLE OF  
30 ANOTHER REMEDY OR PROCEDURE AVAILABLE AT LAW OR EQUITY FOR THE

1 COLLECTION OF DEBTS.

2 SECTION 2217. TAX SUIT RECIPROCITY.

3 THE COURTS OF THIS COMMONWEALTH SHALL RECOGNIZE AND ENFORCE  
4 LIABILITIES FOR NATURAL GAS SEVERANCE TAXES LAWFULLY IMPOSED BY  
5 ANY OTHER STATE, PROVIDED THAT THE OTHER STATE RECOGNIZES AND  
6 ENFORCES THE TAX SET FORTH IN THIS ARTICLE.

7 SECTION 2218. SERVICE.

8 A PRODUCER IS DEEMED TO HAVE APPOINTED THE SECRETARY OF THE  
9 COMMONWEALTH ITS AGENT FOR THE ACCEPTANCE OF SERVICE OF PROCESS  
10 OR NOTICE IN A PROCEEDING FOR THE ENFORCEMENT OF THE CIVIL  
11 PROVISIONS OF THIS ARTICLE AND SERVICE MADE UPON THE SECRETARY  
12 OF THE COMMONWEALTH AS AGENT SHALL BE OF THE SAME LEGAL FORCE  
13 AND VALIDITY AS IF THE SERVICE HAD BEEN PERSONALLY MADE UPON THE  
14 PRODUCER. WHERE SERVICE CANNOT BE MADE UPON THE PRODUCER IN THE  
15 MANNER PROVIDED BY OTHER LAWS OF THIS COMMONWEALTH RELATING TO  
16 SERVICE OF PROCESS, SERVICE MAY BE MADE UPON THE SECRETARY OF  
17 THE COMMONWEALTH. IN THAT CASE, A COPY OF THE PROCESS OR NOTICE  
18 SHALL BE PERSONALLY SERVED UPON ANY AGENT OR REPRESENTATIVE OF  
19 THE PRODUCER WHO MAY BE FOUND WITHIN THIS COMMONWEALTH OR, WHERE  
20 NO AGENT OR REPRESENTATIVE MAY BE FOUND, A COPY OF THE PROCESS  
21 OR NOTICE SHALL BE SENT VIA REGISTERED MAIL TO THE PRODUCER AT  
22 THE LAST KNOWN ADDRESS OF ITS PRINCIPAL PLACE OF BUSINESS, HOME  
23 OFFICE OR RESIDENCE.

24 SECTION 2219. REFUNDS.

25 UNDER ARTICLE XXVII, THE DEPARTMENT SHALL REFUND ALL TAXES,  
26 INTEREST AND PENALTIES PAID TO THE COMMONWEALTH UNDER THE  
27 PROVISIONS OF THIS ARTICLE TO WHICH THE COMMONWEALTH IS NOT  
28 RIGHTFULLY ENTITLED. THE REFUNDS SHALL BE MADE TO THE PERSON OR  
29 THE PERSON'S HEIRS, SUCCESSORS, ASSIGNS OR OTHER PERSONAL  
30 REPRESENTATIVES WHO PAID THE TAX, PROVIDED THAT NO REFUND SHALL

1 BE MADE UNDER THIS SECTION REGARDING A PAYMENT MADE BY REASON OF  
2 AN ASSESSMENT WHERE A TAXPAYER HAS FILED A PETITION FOR  
3 REASSESSMENT UNDER SECTION 2702 TO THE EXTENT THE PETITION IS  
4 ADVERSE TO THE TAXPAYER BY A DECISION WHICH IS NO LONGER SUBJECT  
5 TO FURTHER REVIEW OR APPEAL. NOTHING IN THIS ARTICLE SHALL  
6 PROHIBIT A TAXPAYER WHO HAS FILED A TIMELY PETITION FOR  
7 REASSESSMENT FROM AMENDING IT TO A PETITION FOR REFUND WHERE THE  
8 PETITIONER PAID THE TAX ASSESSED.  
9 SECTION 2220. REFUND PETITION.

10 (A) GENERAL RULE.--EXCEPT AS PROVIDED FOR IN SUBSECTION (B),  
11 THE REFUND OR CREDIT OF TAX, INTEREST OR PENALTY PROVIDED FOR BY  
12 SECTION 2219 SHALL BE MADE ONLY WHERE THE PERSON WHO HAS PAID  
13 THE TAX FILES A PETITION FOR REFUND WITH THE DEPARTMENT UNDER  
14 ARTICLE XXVII, WITHIN THE TIME LIMITS OF SECTION 3003.1.

15 (B) NATURAL GAS SEVERANCE TAX.--A REFUND OR CREDIT OF TAX,  
16 INTEREST OR PENALTY PAID AS A RESULT OF AN ASSESSMENT MADE BY  
17 THE DEPARTMENT UNDER SECTION 2205 SHALL BE MADE ONLY WHERE THE  
18 PERSON WHO HAS PAID THE TAX FILES WITH THE DEPARTMENT A PETITION  
19 FOR A REFUND WITH THE DEPARTMENT UNDER ARTICLE XXVII WITHIN THE  
20 TIME LIMITS OF SECTION 3003.1. THE FILING OF A PETITION FOR  
21 REFUND, UNDER THE PROVISIONS OF THIS SUBSECTION, SHALL NOT  
22 AFFECT THE ABATEMENT OF INTEREST, ADDITIONS OR PENALTIES TO  
23 WHICH THE PERSON MAY BE ENTITLED BY REASON OF HIS PAYMENT OF THE  
24 ASSESSMENT.

25 SECTION 2221. RULES AND REGULATIONS.

26 THE DEPARTMENT IS CHARGED WITH THE ENFORCEMENT OF THE  
27 PROVISIONS OF THIS ARTICLE AND IS AUTHORIZED AND EMPOWERED TO  
28 PRESCRIBE, ADOPT, PROMULGATE AND ENFORCE RULES AND REGULATIONS  
29 NOT INCONSISTENT WITH THE PROVISIONS OF THIS ARTICLE RELATING TO  
30 ANY MATTER OR THING PERTAINING TO THE ADMINISTRATION AND



1 ENFORCEMENT OF THE PROVISIONS OF THIS ARTICLE AND THE COLLECTION  
2 OF TAXES, PENALTIES AND INTEREST IMPOSED BY THIS ARTICLE. THE  
3 DEPARTMENT MAY PRESCRIBE THE EXTENT, IF ANY, TO WHICH ANY OF THE  
4 RULES AND REGULATIONS SHALL BE APPLIED WITHOUT RETROACTIVE  
5 EFFECT.

6 SECTION 2222. RECORDKEEPING.

7 (A) GENERAL RULE.--EVERY PERSON LIABLE FOR ANY TAX IMPOSED  
8 BY THIS ARTICLE, OR FOR THE COLLECTION OF SUCH TAX, SHALL KEEP  
9 RECORDS, INCLUDING THOSE ENUMERATED IN SUBSECTION (B), RENDER  
10 STATEMENTS, MAKE RETURNS AND COMPLY WITH THE RULES AND  
11 REGULATIONS AS THE DEPARTMENT MAY PRESCRIBE REGARDING MATTERS  
12 PERTINENT TO THE PERSON'S BUSINESS. WHENEVER IT IS NECESSARY,  
13 THE DEPARTMENT MAY REQUIRE A PERSON, BY NOTICE SERVED UPON THE  
14 PERSON OR BY REGULATIONS, TO MAKE RETURNS, RENDER STATEMENTS OR  
15 KEEP RECORDS AS THE DEPARTMENT DEEMS SUFFICIENT TO SHOW WHETHER  
16 OR NOT A PERSON IS LIABLE TO PAY TAX UNDER THIS ARTICLE.

17 (A.1) RECORDS.--RECORDS TO BE MAINTAINED ARE:

18 (1) WELLHEAD METER AND SALES METER CHARTS FOR EACH  
19 REPORTING PERIOD AND THE METER CALIBRATION AND MAINTENANCE  
20 RECORDS. IF TURBINE METERS ARE IN USE, THE MAINTENANCE  
21 RECORDS WILL BE MADE AVAILABLE TO THE DEPARTMENT UPON  
22 REQUEST.

23 (2) RECORDS, STATEMENTS AND OTHER INSTRUMENTS FURNISHED  
24 TO A PRODUCER BY A PERSON TO WHOM THE PRODUCER DELIVERS FOR  
25 SALE, TRANSPORT OR DELIVERY OF NATURAL GAS.

26 (3) RECORDS, STATEMENTS AND OTHER INSTRUMENTS AS THE  
27 DEPARTMENT MAY PRESCRIBE BY REGULATION.

28 (B) RECORDS OF NONRESIDENTS.--A NONRESIDENT WHO DOES  
29 BUSINESS IN THIS COMMONWEALTH AS A PRODUCER SHALL KEEP ADEQUATE  
30 RECORDS OF THE BUSINESS AND OF THE TAX DUE AS A RESULT. THE

1 RECORDS SHALL BE RETAINED WITHIN THIS COMMONWEALTH UNLESS  
2 RETENTION OUTSIDE THIS COMMONWEALTH IS AUTHORIZED BY THE  
3 DEPARTMENT. THE DEPARTMENT MAY REQUIRE A TAXPAYER WHO DESIRES TO  
4 RETAIN RECORDS OUTSIDE THIS COMMONWEALTH TO ASSUME REASONABLE  
5 OUT-OF-STATE AUDIT EXPENSES.

6 (C) KEEPING OF SEPARATE RECORDS.--A PRODUCER WHO IS ENGAGED  
7 IN ANOTHER BUSINESS OR BUSINESSES WHICH DO NOT INVOLVE THE  
8 SEVERING OF NATURAL GAS TAXABLE UNDER THIS ARTICLE, SHALL KEEP  
9 SEPARATE BOOKS AND RECORDS OF THE BUSINESSES SO AS TO SHOW THE  
10 TAXABLE SEVERING OF NATURAL GAS UNDER THIS ARTICLE SEPARATELY  
11 FROM OTHER BUSINESS ACTIVITIES NOT TAXABLE HEREUNDER. IF ANY  
12 PERSON FAILS TO KEEP SEPARATE BOOKS AND RECORDS, THE PERSON  
13 SHALL BE LIABLE FOR A PENALTY EQUALING 100% OF TAX DUE UNDER  
14 THIS ARTICLE FOR THE PERIOD WHERE SEPARATE RECORDS WERE NOT  
15 MAINTAINED.

16 SECTION 2223. EXAMINATIONS.

17 THE DEPARTMENT OR ANY OF ITS AUTHORIZED AGENTS ARE AUTHORIZED  
18 TO EXAMINE THE BOOKS, PAPERS AND RECORDS OF ANY TAXPAYER IN  
19 ORDER TO VERIFY THE ACCURACY AND COMPLETENESS OF ANY RETURN MADE  
20 OR, IF NO RETURN WAS MADE, TO ASCERTAIN AND ASSESS THE TAX  
21 IMPOSED BY THIS ARTICLE. THE DEPARTMENT MAY REQUIRE THE  
22 PRESERVATION OF ALL BOOKS, PAPERS AND RECORDS FOR ANY PERIOD  
23 DEEMED PROPER BY IT BUT NOT TO EXCEED THREE YEARS FROM THE END  
24 OF THE CALENDAR YEAR TO WHICH THE RECORDS RELATE. EVERY TAXPAYER  
25 IS REQUIRED TO GIVE TO THE DEPARTMENT OR ITS AGENT THE MEANS,  
26 FACILITIES AND OPPORTUNITY FOR EXAMINATIONS AND INVESTIGATION  
27 UNDER THIS SECTION. THE DEPARTMENT IS FURTHER AUTHORIZED TO  
28 EXAMINE ANY PERSON, UNDER OATH, CONCERNING THE TAXABLE SEVERING  
29 OF NATURAL GAS BY ANY TAXPAYER OR CONCERNING ANY OTHER MATTER  
30 RELATING TO THE ENFORCEMENT OR ADMINISTRATION OF THIS ARTICLE,

1 AND TO THIS END MAY COMPEL THE PRODUCTION OF BOOKS, PAPERS AND  
2 RECORDS AND THE ATTENDANCE OF ALL PERSONS WHETHER AS PARTIES OR  
3 WITNESSES WHOM IT BELIEVES TO HAVE KNOWLEDGE OF RELEVANT  
4 MATTERS. THE PROCEDURE FOR THE HEARINGS OR EXAMINATIONS SHALL BE  
5 THE SAME AS THAT PROVIDED BY THE ACT OF APRIL 9, 1929 (P.L.343,  
6 NO. 176), KNOWN AS THE FISCAL CODE.  
7 SECTION 2224. UNAUTHORIZED DISCLOSURE.

8 ANY INFORMATION GAINED BY THE DEPARTMENT AS A RESULT OF ANY  
9 RETURN, EXAMINATION, INVESTIGATION, HEARING OR VERIFICATION  
10 REQUIRED OR AUTHORIZED BY THIS ARTICLE SHALL BE CONFIDENTIAL  
11 EXCEPT FOR OFFICIAL PURPOSES AND EXCEPT IN ACCORDANCE WITH  
12 PROPER JUDICIAL ORDER OR AS OTHERWISE PROVIDED BY LAW, AND ANY  
13 PERSON UNLAWFULLY DIVULGING THE INFORMATION SHALL BE GUILTY OF A  
14 MISDEMEANOR AND SHALL, UPON CONVICTION, BE SENTENCED TO PAY A  
15 FINE OF NOT MORE THAN \$1000 AND COSTS OF PROSECUTION OR TO  
16 IMPRISONMENT FOR NOT MORE THAN ONE YEAR, OR BOTH.  
17 SECTION 2225. COOPERATION WITH OTHER GOVERNMENTS.

18 NOTWITHSTANDING THE PROVISIONS OF SECTION 2217, THE  
19 DEPARTMENT MAY PERMIT THE COMMISSIONER OF THE INTERNAL REVENUE  
20 SERVICE OF THE UNITED STATES, THE PROPER OFFICER OF ANY STATE OR  
21 THE AUTHORIZED REPRESENTATIVE OF EITHER OF THEM TO INSPECT THE  
22 TAX RETURNS OF ANY TAXPAYER, OR MAY FURNISH TO THE COMMISSIONER  
23 OR OFFICER OR TO EITHER OF THEIR AUTHORIZED REPRESENTATIVE AN  
24 ABSTRACT OF THE RETURN OF ANY TAXPAYER, OR SUPPLY HIM WITH  
25 INFORMATION CONCERNING ANY ITEM CONTAINED IN ANY RETURN OR  
26 DISCLOSED BY THE REPORT OF ANY EXAMINATION OR INVESTIGATION OF  
27 THE RETURN OF ANY TAXPAYER. THIS PERMISSION SHALL BE GRANTED  
28 ONLY IF THE LAWS OF THE UNITED STATES OR ANOTHER STATE GRANT  
29 SUBSTANTIALLY SIMILAR PRIVILEGES TO THE PROPER OFFICER OF THE  
30 COMMONWEALTH CHARGED WITH THE ADMINISTRATION OF THIS ARTICLE.

1 SECTION 2226. BONDS.

2 (A) TAXPAYER TO FILE BOND.--THE DEPARTMENT MAY REQUIRE A  
3 NONRESIDENT NATURAL PERSON OR ANY FOREIGN CORPORATION,  
4 ASSOCIATION, FIDUCIARY OR OTHER ENTITY, NOT AUTHORIZED TO DO  
5 BUSINESS WITHIN THIS COMMONWEALTH OR NOT HAVING AN ESTABLISHED  
6 PLACE OF BUSINESS IN THIS COMMONWEALTH AND SUBJECT TO THE TAX  
7 IMPOSED BY SECTION 2203, TO FILE A BOND ISSUED BY A SURETY  
8 COMPANY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH AND  
9 APPROVED BY THE INSURANCE COMMISSIONER AS TO SOLVENCY AND  
10 RESPONSIBILITY, IN AMOUNTS AS IT MAY FIX, TO SECURE THE PAYMENT  
11 OF ANY TAX OR PENALTIES DUE OR WHICH MAY BECOME DUE FROM A  
12 NONRESIDENT NATURAL PERSON, CORPORATION, ASSOCIATION, FIDUCIARY  
13 OR OTHER ENTITY WHENEVER IT DEEMS IT NECESSARY TO PROTECT THE  
14 REVENUES OBTAINED UNDER THIS ARTICLE. THE DEPARTMENT MAY ALSO  
15 REQUIRE A BOND OF A PERSON PETITIONING THE DEPARTMENT FOR  
16 REASSESSMENT IN THE CASE OF ANY ASSESSMENT OVER \$500 OR WHERE,  
17 IN ITS OPINION, THE ULTIMATE COLLECTION IS IN JEOPARDY. FOR A  
18 PERIOD OF THREE YEARS, THE DEPARTMENT MAY REQUIRE A BOND OF ANY  
19 PERSON WHO HAS, ON THREE OR MORE OCCASIONS WITHIN A 12-MONTH  
20 PERIOD, EITHER FILED A RETURN OR MADE PAYMENT TO THE DEPARTMENT  
21 MORE THAN 30 DAYS LATE. IN THE EVENT THE DEPARTMENT DETERMINES A  
22 TAXPAYER IS REQUIRED TO FILE A BOND, IT SHALL GIVE NOTICE TO THE  
23 TAXPAYER SPECIFYING THE AMOUNT OF THE BOND REQUIRED. THE  
24 TAXPAYER SHALL FILE THE BOND WITHIN FIVE DAYS AFTER NOTICE IS  
25 GIVEN BY THE DEPARTMENT UNLESS, WITHIN FIVE DAYS, THE TAXPAYER  
26 SHALL REQUEST IN WRITING A HEARING BEFORE THE SECRETARY OF  
27 REVENUE OR HIS REPRESENTATIVE. AT THE HEARING, THE NECESSITY,  
28 PROPRIETY AND AMOUNT OF THE BOND SHALL BE DETERMINED BY THE  
29 SECRETARY OR THE SECRETARY'S REPRESENTATIVE. THE DETERMINATION  
30 SHALL BE FINAL AND THE TAXPAYER SHALL COMPLY WITH IT WITHIN 15

1 DAYS AFTER NOTICE IS MAILED TO THE TAXPAYER.

2 (B) SECURITIES IN LIEU OF BOND.--IN LIEU OF THE BOND  
3 REQUIRED BY THIS SECTION SECURITIES APPROVED BY THE DEPARTMENT  
4 OR CASH IN A PRESCRIBED AMOUNT MAY BE DEPOSITED. THE SECURITIES  
5 OR CASH SHALL BE KEPT IN THE CUSTODY OF THE DEPARTMENT. THE  
6 DEPARTMENT MAY APPLY THE SECURITIES OR CASH TO THE TAX IMPOSED  
7 BY THIS ARTICLE AND INTEREST OR PENALTIES DUE WITHOUT NOTICE TO  
8 THE DEPOSITOR. THE SECURITIES MAY BE SOLD BY THE DEPARTMENT TO  
9 PAY THE TAX AND/OR INTEREST OR PENALTIES DUE AT PUBLIC OR  
10 PRIVATE SALE UPON FIVE DAYS' WRITTEN NOTICE TO THE DEPOSITOR.

11 (C) FAILURE TO FILE BOND.--THE DEPARTMENT MAY FILE A LIEN  
12 UNDER SECTION 2216 AGAINST ANY TAXPAYER WHO FAILS TO FILE A BOND  
13 WHEN REQUIRED TO DO SO UNDER THIS SECTION. ALL FUNDS RECEIVED  
14 UPON EXECUTION OF THE JUDGMENT ON THE LIEN SHALL BE REFUNDED TO  
15 THE TAXPAYER WITH 3% INTEREST, SHOULD A FINAL DETERMINATION BE  
16 MADE THAT IT DOES NOT OWE ANY PAYMENT TO THE DEPARTMENT.  
17 SECTION 2227. REVENUE DEPOSITS AND DISTRIBUTIONS.

18 (A) DEPOSIT.--

19 (1) EIGHTY PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
20 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
21 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
22 SHALL BE DEPOSITED INTO THE GENERAL FUND.

23 (2) TWELVE PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
24 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
25 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
26 SHALL BE DEPOSITED INTO A RESTRICTED RECEIPTS ACCOUNT  
27 ESTABLISHED WITHIN THE GENERAL FUND.

28 (3) FOUR PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
29 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
30 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,

1 SHALL BE DEPOSITED INTO THE ENVIRONMENTAL STEWARDSHIP FUND.

2 (4) TWO PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
3 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
4 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
5 SHALL BE DEPOSITED INTO THE CONSERVATION DISTRICT FUND FOR  
6 DISTRIBUTION TO COUNTY CONSERVATION DISTRICTS PURSUANT TO  
7 GUIDELINES ESTABLISHED BY THE STATE CONSERVATION COMMISSION.

8 (5) ONE-HALF PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
9 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
10 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
11 SHALL BE DEPOSITED INTO THE HAZARDOUS SITES CLEANUP FUND.

12 (6) ONE-HALF PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
13 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
14 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
15 SHALL BE DEPOSITED INTO THE PENNSYLVANIA GAME COMMISSION.

16 (7) ONE-HALF PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
17 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
18 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
19 SHALL BE DEPOSITED INTO THE PENNSYLVANIA FISH AND BOAT  
20 COMMISSION.

21 (8) ONE-HALF PERCENT OF THE PROCEEDS OF THE NATURAL GAS  
22 SEVERANCE TAX, PENALTIES AND INTEREST IMPOSED BY THIS  
23 ARTICLE, LESS THE AMOUNTS APPROPRIATED UNDER SECTION 2228,  
24 SHALL BE DEPOSITED INTO THE DEPARTMENT OF PUBLIC WELFARE TO  
25 PROVIDE CASH CRISIS GRANTS TO LOW-INCOME HOUSEHOLDS UNDER THE  
26 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM.

27 (B) DISTRIBUTIONS.--

28 (1) FIFTY PERCENT OF THE FUNDS IN THE RESTRICTED  
29 RECEIPTS ACCOUNT ESTABLISHED UNDER SUBSECTION (A) (2) SHALL BE  
30 DISTRIBUTED TO MUNICIPALITIES WHERE NATURAL GAS HAS BEEN

1 SEVERED AND TAXED UNDER THIS ARTICLE. THE AMOUNT DISTRIBUTED  
2 SHALL BE DETERMINED ON A PRO RATA BASIS AS FOLLOWS: THE TOTAL  
3 AMOUNT TO BE DISTRIBUTED UNDER THIS PARAGRAPH IS DIVIDED BY  
4 THE TOTAL NUMBER OF TAXABLE GAS UNITS SEVERED IN THIS  
5 COMMONWEALTH; THIS QUOTIENT IS THEN MULTIPLIED BY THE TOTAL  
6 NUMBER OF TAXABLE GAS UNITS SEVERED IN THE MUNICIPALITY. THE  
7 RESULT EQUALS THE AMOUNT OF MONEY TO BE DISTRIBUTED TO THE  
8 MUNICIPALITY, WHICH SHALL BE USED SOLELY FOR ANY OF THE  
9 FOLLOWING:

10 (I) RECONSTRUCTION, MAINTENANCE AND REPAIR OF  
11 MUNICIPAL ROADWAYS AND BRIDGES WHICH THE MUNICIPALITY HAS  
12 DETERMINED HAVE BEEN OR ARE BEING USED EXTENSIVELY TO  
13 TRANSPORT NATURAL GAS OR EQUIPMENT RELATED TO THE  
14 PRODUCTION THEREOF.

15 (II) PARKS AND RECREATION.

16 (III) INDUSTRIAL AND COMMERCIAL DEVELOPMENT.

17 (IV) PRESERVATION AND IMPROVEMENT OF MUNICIPAL WATER  
18 SUPPLIES.

19 (V) MAINTENANCE AND CAPITAL IMPROVEMENTS TO THE  
20 MUNICIPAL WASTE AND SEWAGE SYSTEMS.

21 (VI) PRESERVATION AND RECLAMATION OF THE SURFACE  
22 WATERS OF THE MUNICIPALITY.

23 (VII) OTHER LAWFUL PURPOSES REASONABLY RELATED TO  
24 THE CONSEQUENCES OF SEVERING NATURAL GAS IN THE  
25 MUNICIPALITY.

26 (2) FIFTY PERCENT OF THE FUNDS IN THE RESTRICTED  
27 RECEIPTS ACCOUNT ESTABLISHED UNDER SUBSECTION (A) (2) SHALL BE  
28 DISTRIBUTED TO COUNTIES WHERE NATURAL GAS HAS BEEN SEVERED  
29 AND TAXED UNDER THIS ARTICLE. THE AMOUNT DISTRIBUTED TO A  
30 COUNTY SHALL BE DETERMINED ON A PRO RATA BASIS AS FOLLOWS:

1 THE TOTAL AMOUNT TO BE DISTRIBUTED UNDER THIS PARAGRAPH IS  
2 DIVIDED BY THE TOTAL NUMBER OF TAXABLE GAS UNITS SEVERED IN  
3 THIS COMMONWEALTH; THIS QUOTIENT IS THEN MULTIPLIED BY THE  
4 TOTAL NUMBER OF TAXABLE GAS UNITS SEVERED IN THE COUNTY. THE  
5 RESULT EQUALS THE AMOUNT OF MONEY TO BE DISTRIBUTED TO THE  
6 COUNTY, WHICH SHALL BE ADMINISTERED BY A BOARD COMPRISED OF  
7 THE CHAIRPERSON OF THE BOARD OF COUNTY COMMISSIONERS, A  
8 REPRESENTATIVE FROM THE NATURAL GAS PRODUCING MUNICIPALITIES  
9 WITHIN THE COUNTY AND A COUNTY COMMISSIONER SELECTED BY THE  
10 REPRESENTATIVE OF THE NATURAL GAS PRODUCING MUNICIPALITIES.  
11 THE BOARD SHALL GIVE PRIORITY TO THE RECONSTRUCTION, REPAIR  
12 AND MAINTENANCE OF COUNTY ROADWAYS AND BRIDGES DETERMINED BY  
13 THE BOARD TO HAVE BEEN AND ARE BEING USED TO TRANSPORT  
14 NATURAL GAS OR EQUIPMENT RELATED TO THE PRODUCTION THEREOF  
15 AND MAY ALLOCATE THE REMAINDER TO THE COUNTY OR ITS  
16 MUNICIPALITIES FOR ANY OF THE PURPOSES ENUMERATED IN  
17 PARAGRAPH (1). A SIMPLE MAJORITY VOTE OF ALL THE MEMBERS OF  
18 THE BOARD SHALL BE REQUIRED FOR ANY ACTION UNDER THIS  
19 PARAGRAPH.

20 (3) THE TRANSFERS IN PARAGRAPHS (1) AND (2) SHALL OCCUR  
21 SEMIANNUALLY. THE TRANSFER IN APRIL WILL BE TAX REVENUE FROM  
22 GAS SEVERED FROM JULY TO OCTOBER. THE TRANSFER IN OCTOBER  
23 WILL BE TAX REVENUE FROM GAS SEVERED FROM JANUARY TO JULY.

24 SECTION 2228. APPROPRIATION.

25 THE AMOUNT OF THE PROCEEDS FROM THE TAX IMPOSED BY THIS  
26 ARTICLE AS SHALL BE NECESSARY FOR THE PAYMENT OF REFUNDS,  
27 ENFORCEMENT OR ADMINISTRATION UNDER THIS ARTICLE, IS HEREBY  
28 APPROPRIATED FOR SUCH PURPOSES.

29 SECTION 3. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

30 (1) THIS SECTION SHALL TAKE EFFECT IMMEDIATELY.



1           (2) THE AMENDMENT OF SECTIONS 1206, 1206.1 AND 1216 OF  
2 THE ACT SHALL TAKE EFFECT IN 30 DAYS.

3           (3) THE AMENDMENT OR ADDITION OF SECTIONS 204(10) AND  
4 237(C) AND (C.1) OF THE ACT SHALL TAKE EFFECT IN 60 DAYS.

5           (4) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 90  
6 DAYS.