
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1968 Session of
2014

INTRODUCED BY YOUNGBLOOD, CLAY, CRUZ, COHEN, O'BRIEN,
CALTAGIRONE, W. KELLER, DAVIDSON, THOMAS, KINSEY, SIMS,
PARKER, SABATINA, MCGEEHAN, DeLUCA AND WATERS,
JANUARY 22, 2014

REFERRED TO COMMITTEE ON FINANCE, JANUARY 22, 2014

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," providing for gaming privilege assessment; and
11 establishing the Public Education Improvement Fund.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971, is amended by adding an article to
16 read:

17 ARTICLE XVI-B.1

18 GAMING PRIVILEGE ASSESSMENT

19 Section 1601-B.1. Scope.

20 This article relates to assessments on net gambling income.

21 Section 1602-B.1. Definitions.

1 The following words and phrases when used in this article
2 shall have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "Department." The Department of Revenue of the Commonwealth.

5 "Gambling losses." The term includes losses incurred from
6 lotteries, raffles, horse races and casinos.

7 "Gross gambling income." The term includes:

8 (1) Winnings from lotteries, raffles, horse races and
9 casinos.

10 (2) Cash winnings.

11 (3) The fair market value of prizes.

12 "Net gambling income." The term includes gross gambling
13 income minus gambling losses properly claimed under the Internal
14 Revenue Code (Public Law 99-514, 26 U.S.C. § 1 et seq.) and
15 itemized on IRS Form 1040, Schedule A.

16 "Payer." The individual or entity responsible for
17 remunerating net gambling income to the maker of a wager.

18 "Secretary." The Secretary of Revenue of the Commonwealth.

19 "Single event." The result of a single wager placed
20 irrespective of amount wagered, including a single spin, dealt
21 hand, race or similar event.

22 Section 1603-B.1. Assessment.

23 (a) Imposition.--In addition to any tax imposed by the
24 Commonwealth under Article III, an assessment is imposed on all
25 net gambling income earned as a result of a wager placed in this
26 Commonwealth. The provisions of Article III shall apply to the
27 tax.

28 (b) Rate.--The assessment imposed under subsection (a) shall
29 be a percentage assessment of 5% of the amount of the net
30 gambling income earned by the individual.

1 (c) Noncash income.--Gambling income not paid in cash shall
2 be valued at its fair market value as determined by the
3 secretary.

4 (d) Payment.--Except as otherwise provided for under
5 subsection (f) (2) or (g), the assessment imposed under this
6 article shall be paid by the individual and remitted to the
7 department through a procedure determined by the secretary.

8 (e) Deposit.--The proceeds of the assessment imposed under
9 this article shall be deposited in the Public Education
10 Improvement Fund established under section 1604-B.1.

11 (f) Payer duties.--A payer shall have no duty to track,
12 report or otherwise administer the assessment, except that the
13 payer shall:

14 (1) forward information required by the Internal Revenue
15 Service to the department in a manner determined by the
16 secretary; and

17 (2) remit to the department an amount equal to the
18 appropriate amount of the assessment imposed under this
19 article for all net gambling income of \$5,000 or more in a
20 single event.

21 (g) Voluntary withholding.--The individual may elect to have
22 an appropriate amount of the assessment withheld by the payer
23 for remission to the department.

24 Section 1604-B.1. Public Education Improvement Fund.

25 (a) Establishment.--There is hereby established in the State
26 Treasury a special fund to be known as the Public Education
27 Improvement Fund, which shall receive money from the assessment
28 imposed under this article and any other money from any source
29 designated for deposit in the Public Education Improvement Fund.

30 (b) Use of money.--Money in the Public Education Improvement

1 Fund shall be used for additional funding for all school
2 districts in this Commonwealth as specified by law and is
3 appropriated.

4 Section 2. The addition of Article XVI-B.1 of the act shall
5 apply to gross gambling income earned during taxable years
6 beginning after December 31, 2013.

7 Section 3. This act shall take effect immediately.