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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 944 Session of  
2013

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INTRODUCED BY WILLIAMS, HUGHES, KITCHEN, FARNESE AND COSTA,  
JUNE 7, 2013

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REFERRED TO FINANCE, JUNE 7, 2013

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AN ACT

1 Authorizing school districts of the first class coterminous with  
2 cities of the first class to enact local cigarette taxes; and  
3 establishing the Local Cigarette Tax Fund.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Local  
8 Cigarette Tax Act.

9 Section 2. Definitions.

10 (a) General rule.--The following words and phrases when used  
11 in this act shall have the meanings given to them in this  
12 section unless the context clearly indicates otherwise:

13 "Fund." The Local Cigarette Tax Fund established by this  
14 act.

15 "School district." A school district of the first class  
16 coterminous with a city of the first class.

17 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),  
18 known as the Tax Reform Code of 1971.

1 (b) Specific definitions.--The definitions in Article XII of  
2 the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform  
3 Code of 1971, shall apply to this act.

4 Section 3. Local cigarette tax.

5 (a) Authorization.--

6 (1) A school district may, if authorized by ordinance of  
7 the governing body of a city of the first class, impose and  
8 assess an excise tax upon the sale or possession of  
9 cigarettes within the school district at the rate of 10¢ per  
10 cigarette. Only one sale shall be taxable and used in  
11 computing the amount of tax due, whether the sale is of  
12 individual cigarettes, packages, cartons or cases.

13 (2) The governing body of the city of the first class  
14 and school district may amend, respectively, the ordinance  
15 authorizing the imposition of the tax and the resolution  
16 imposing the tax authorized by this act to reflect the  
17 provisions of this act in the fiscal year in which this  
18 section takes effect.

19 (b) Exception.--The tax authorized under subsection (a) may  
20 not be levied upon the possession or sale of any cigarette that  
21 is exempt from, or which is otherwise not subject to, levy under  
22 Article XII of the Tax Reform Code and the regulations  
23 promulgated under that article.

24 (c) Collection.--

25 (1) The tax authorized under subsection (a) shall be  
26 collected and remitted to the department in the same manner  
27 as the tax imposed under Article XII of the Tax Reform Code.  
28 The rules and regulations promulgated under section 1291 of  
29 the Tax Reform Code shall be applicable to the tax authorized  
30 under subsection (a) insofar as the rules and regulations are

1 consistent with this act.

2 (2) Unless the department promulgates regulations to the  
3 contrary pursuant to section 4, any stamp affixed pursuant to  
4 section 1215 of the Tax Reform Code shall also reflect  
5 payment of any tax authorized under this act.

6 (3) The provisions of section 1216 of the Tax Reform  
7 Code shall not apply to any tax authorized under this act.

8 Section 4. Administration.

9 (a) General rule.--The Department of Revenue shall  
10 administer and enforce the provisions of this act and may  
11 promulgate and enforce any rules and regulations not  
12 inconsistent with the provisions of this act.

13 (b) Reimbursement of costs.--From the tax collected under  
14 this act, the Department of Revenue may retain a sum not to  
15 exceed the costs of collection and shall, on a monthly basis,  
16 notify in writing the school district imposing the tax of the  
17 sum retained and the costs of collection under this act.  
18 Annually, the Department of Revenue shall estimate its cost of  
19 collection under this act for the next succeeding fiscal year  
20 and shall provide the estimate to the school district.

21 Section 5. Certified copy of ordinance to Department of  
22 Revenue.

23 (a) General rule.--A school district that adopts a  
24 resolution:

25 (1) To impose the tax authorized under this act or to  
26 change the rate of the tax shall provide a certified copy of  
27 the resolution to the Department of Revenue not later than 90  
28 days prior to the effective date of the tax or change to the  
29 tax.

30 (2) To repeal the tax authorized under this act shall

1 provide a certified copy of the resolution to the Department  
2 of Revenue not later than 30 days prior to the effective date  
3 of the repeal.

4 (b) Effective date.--The effective date of any tax  
5 authorized under this act or change to the tax must occur on the  
6 first calendar day of a calendar year.

7 Section 6. Local Cigarette Tax Fund.

8 (a) Local Cigarette Tax Fund.--

9 (1) The Local Cigarette Tax Fund is established in the  
10 State Treasury and the State Treasurer shall be custodian of  
11 the fund. The fund shall be subject to the provisions of law  
12 applicable to funds listed in section 302 of the act of April  
13 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

14 (2) The tax imposed pursuant to section 3 shall be  
15 received by the Department of Revenue and paid to the State  
16 Treasurer and, along with interest and penalties, less any  
17 collection costs allowed under this act and any refunds and  
18 credits paid, shall be credited to the fund not less  
19 frequently than every two weeks. During any period prior to  
20 the credit of moneys to the fund, interest earned on moneys  
21 received by the Department of Revenue and paid to the State  
22 Treasurer pursuant to this chapter shall be deposited into  
23 the fund.

24 (3) Moneys credited to the fund shall be at all times  
25 property of the school district and shall be distributed as  
26 provided in this section. All moneys in the fund, including,  
27 but not limited to, moneys credited to the fund pursuant to  
28 this section, prior year encumbrances and the interest earned  
29 thereon, shall not lapse or be transferred to any other fund,  
30 but shall remain in the fund and must be used exclusively as

1 provided in this section.

2 (4) Pending their disbursement to the school district,  
3 moneys received on behalf of or deposited into the fund shall  
4 be invested or reinvested as are other funds in the custody  
5 of the State Treasurer in the manner provided by law. All  
6 earnings received from the investment or deposit of such  
7 funds shall be credited to the fund.

8 (b) Disbursement to school district.--On or before the 10th  
9 day of every month, the State Treasurer shall disburse to the  
10 school district imposing the tax under this act the total amount  
11 of moneys which are, as of the last day of the previous month,  
12 contained in the fund.

13 Section 7. Effective date.

14 This act shall take effect in 60 days.