

1 subsection in which the revenue deposited into the Local
2 Cigarette Tax Fund from an excise tax imposed and assessed upon
3 the sale or possession of cigarettes within a school district
4 that is coterminous with a city of the first class is less than
5 fifty eight million dollars (\$58,000,000), the State Treasurer
6 shall transfer receipts deposited into the General Fund in
7 accordance with this section to the Local Cigarette Tax Fund in
8 an amount equal to the difference between the revenue deposited
9 during the fiscal year and fifty eight million dollars
10 (\$58,000,000) to be disbursed as provided under 53 Pa.C.S. §
11 8722(i) (relating to local option cigarette tax in school
12 districts of the first class). The Secretary of Revenue shall
13 determine the amount to be transferred. The transfers required
14 under this subsection shall be made annually by July 15.

15 Section 18. The act is amended by adding an article to read:

16 ARTICLE XII-A

17 TOBACCO PRODUCTS TAX

18 Section 1201-A. Definitions.

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

22 "Cigar." Any roll for smoking that weighs more than four
23 pounds per thousand and the wrapper or cover is made of natural
24 leaf tobacco or of any substance containing tobacco.

25 "Cigarette." As defined in section 1201.

26 "Consumer." An individual who purchases tobacco products for
27 personal use and not for resale.

28 "Contraband." Any tobacco product for which the tax imposed
29 by this article has not been paid.

30 "Dealer." A wholesaler or retailer. Nothing in this article

1 shall preclude any person from being a wholesaler or retailer,
2 provided the person meets the requirements for a license in each
3 category of dealer.

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

5 "Electronic cigarettes." As follows:

6 (1) An electronic oral device, such as one composed of a
7 heating element and battery or electronic circuit, or both,
8 which provides a vapor of nicotine or any other substance and
9 the use or inhalation of which simulates smoking.

10 (2) The term includes:

11 (i) A device as described in paragraph (1),
12 notwithstanding whether the device is manufactured,
13 distributed, marketed or sold as an e-cigarette, e-cigar
14 and e-pipe or under any other product, name or
15 description.

16 (ii) A liquid or substance placed in or sold for use
17 in an electronic cigarette.

18 "Manufacturer." A person that produces tobacco products.

19 "Person." An individual, unincorporated association,
20 company, corporation, joint stock company, group, agency,
21 syndicate, trust or trustee, receiver, fiduciary, partnership,
22 conservator, any political subdivision of the Commonwealth or
23 any other state. If used in any of the provisions of this
24 article prescribing or imposing penalties, the term "person" as
25 applied to a partnership, unincorporated association or other
26 joint venture, shall mean the partners or members of the
27 partnership, unincorporated association or other joint venture,
28 and as applied to a corporation, shall mean each officer and
29 director of the corporation.

30 "Purchase price." The total value of anything paid or

1 delivered, or promised to be paid or delivered, money or
2 otherwise, in complete performance of a sale or purchase,
3 without any deduction on account of the cost or value of the
4 property sold, cost or value of transportation, cost or value of
5 labor or service, interest or discount paid or allowed after the
6 sale is consummated, any other taxes imposed by the Commonwealth
7 or any other expense.

8 "Retailer." A person that purchases or receives tobacco
9 products from any source for the purpose of sale to a consumer,
10 or who owns, leases or otherwise operates one or more vending
11 machines for the purpose of sale of tobacco products to the
12 ultimate consumer. The term includes a vending machine operator
13 or a person that buys, sells, transfers or deals in tobacco
14 products and is not licensed as a tobacco products wholesaler
15 under this article.

16 "Roll-your-own tobacco." Any tobacco which, because of the
17 tobacco's appearance, type, packaging or labeling, is suitable
18 for use and is likely to be offered to, or purchased by,
19 consumers as tobacco for making cigarettes.

20 "Sale." Any transfer of ownership, custody or possession of
21 tobacco products for consideration; any exchange, barter or
22 gift; or any offer to sell or transfer the ownership, custody or
23 possession of tobacco products for consideration.

24 "Taxpayer." Any person subject to tax under this article.

25 "Tobacco products." As follows:

26 (1) Electronic cigarettes.

27 (2) Roll-your-own tobacco.

28 (3) Periques, granulated, plug cut, crimp cut, ready

29 rubbed and other smoking tobacco, snuff, dry snuff, snuff

30 flour, cavendish, plug and twist tobacco, fine-cut and other

1 chewing tobaccos, shorts, refuse scraps, clippings, cuttings
2 and sweepings of tobacco and other kinds and forms of
3 tobacco, prepared in such manner as to be suitable for
4 chewing or ingesting or for smoking in a pipe or otherwise,
5 or any combination of chewing, ingesting or smoking.

6 (4) The term does not include:

7 (i) Any item subject to the tax under section 1206.

8 (ii) Cigars.

9 "Unclassified importer." A consumer who purchases tobacco
10 products using the Internet or mail order catalogs for personal
11 possession or use in this Commonwealth from persons that are not
12 licensed.

13 "Vending machine operator." A person who places or services
14 one or more tobacco product vending machines whether owned,
15 leased or otherwise operated by the person at locations from
16 which tobacco products are sold to the consumer. The owner or
17 tenant of the premises upon which a vending machine is placed
18 shall not be considered a vending machine operator if the
19 owner's or tenant's sole remuneration therefrom is a flat rental
20 fee or commission based upon the number or value of tobacco
21 products sold from the machine, unless the owner or tenant
22 actually owns the vending machine or leases the vending machine
23 under an agreement whereby any profits from the sale of the
24 tobacco products directly inure to the owner's or tenant's
25 benefit.

26 "Wholesaler." A person engaged in the business of selling
27 tobacco products that receives, stores, sells, exchanges or
28 distributes tobacco products to retailers or other wholesalers
29 in this Commonwealth or retailers who purchase from a
30 manufacturer or from another wholesaler who has not paid the tax

1 imposed by this article.

2 Section 1202-A. Incidence and rate of tax.

3 (a) Imposition of tax on certain tobacco products.--A

4 tobacco products tax is imposed on the dealer or manufacturer at
5 the time the tobacco product is first sold to a retailer in this
6 Commonwealth at the rate of 55¢ per ounce for the purchase of
7 any tobacco product other than electronic cigarettes. The tax
8 rate shall include a proportionate tax at the rate of 55¢ per
9 ounce on all fractional parts of an ounce. The tax imposed on
10 tobacco products other than electronic cigarettes that weigh
11 less than 1.2 ounces per container is equal to the amount of the
12 tax imposed on tobacco products other than electronic cigarettes
13 that weigh 1.2 ounces. The tax shall be collected from the
14 retailer by whomever sells the tobacco product to the retailer
15 and remitted to the department. Any person required to collect
16 this tax shall separately state the amount of tax on an invoice
17 or other sales document.

18 (a.1) Imposition of tax on electronic cigarettes.--A tobacco
19 products tax is imposed on the dealer or manufacturer at the
20 time the electronic cigarette is first sold to a retailer in
21 this Commonwealth at the rate of 40% on the purchase price
22 charged to the retailer for the purchase of electronic
23 cigarettes. The tax shall be collected for the retailer by
24 whomever sells the electronic cigarette to the retailer and
25 remitted to the department. Any person required to collect this
26 tax shall separately state the amount of tax on an invoice or
27 other sales document.

28 (b) Retailer.--A retailer may only purchase tobacco products
29 from a licensed dealer. If the tax is not collected by the
30 seller from the retailer, the tax is imposed on the retailer at

1 the time of purchase at the same rate as in subsections (a) and
2 (a.1) based on the retailer's purchase price of the tobacco
3 products. The retailer shall remit the tax to the department.

4 (c) Unclassified importer.--The tax is imposed on an
5 unclassified importer at the time of purchase at the same rate
6 as in subsections (a) and (a.1) based on the unclassified
7 importer's purchase price of the tobacco products. The
8 unclassified importer shall remit the tax to the department.

9 (d) Exceptions.--The tax shall not be imposed on any tobacco
10 products that:

11 (1) are exported for sale outside this Commonwealth; or

12 (2) are not subject to taxation by the Commonwealth
13 pursuant to any laws of the United States.

14 Section 1203-A. Floor tax.

15 (a) Payment.--

16 (1) Any retailer that, as of the effective date of this
17 paragraph, possesses tobacco products subject to the tax
18 imposed by section 1202-A other than roll-your-own tobacco
19 shall pay the tax in accordance with the rates specified in
20 section 1202-A. The tax shall be paid and reported on a form
21 prescribed by the department within 90 days of the effective
22 date of this paragraph.

23 (2) Any retailer that, as of the effective date of this
24 paragraph, possesses roll-your-own tobacco subject to the tax
25 imposed by section 1202-A shall pay the tax in accordance
26 with the rates specified in section 1202-A. The tax shall be
27 paid and reported on a form prescribed by the department
28 within 90 days of the effective date of this paragraph.

29 (b) Administrative penalty; license.--If a retailer fails to
30 file the report required by subsection (a) or fails to pay the

1 tax imposed by subsection (a), the department may, in addition
2 to the interest and penalties provided in section 1215-A, do any
3 of the following:

4 (1) Impose an administrative penalty equal to the amount
5 of tax evaded or not paid. The penalty shall be added to the
6 tax evaded or not paid and assessed and collected at the same
7 time and in the same manner as the tax.

8 (2) Suspend, revoke or refuse to issue the retailer's
9 license.

10 (c) Criminal penalty.--In addition to any penalty imposed
11 under subsection (b), a person that willfully omits, neglects or
12 refuses to comply with a duty imposed under subsection (a)
13 commits a misdemeanor and shall, if convicted, be sentenced to
14 pay a fine of not less than \$2,500 nor more than \$5,000, to
15 serve a term of imprisonment not to exceed 30 days, or both.

16 Section 1204-A. Remittance of tax to department.

17 Wholesalers, retailers, unclassified importers and
18 manufacturers shall file monthly reports on a form prescribed by
19 the department by the 20th day of the month following the sale
20 or purchase of tobacco products from any other source on which
21 the tax levied by this article has not been paid. The tax is due
22 at the time the report is due. The department may require the
23 filing of reports and payment of tax on a less frequent basis at
24 its discretion.

25 Section 1205-A. (Reserved).

26 Section 1206-A. Procedures for claiming refund.

27 A claim for a refund of tax imposed by this article under
28 section 3003.1 and Article XXVII shall be in the form and
29 contain the information prescribed by the department by
30 regulation.

1 Section 1207-A. Sales or possession of tobacco product when tax
2 not paid.

3 (a) Sales or possession.--Any person who sells or possesses
4 any tobacco product for which the proper tax has not been paid
5 commits a summary offense and shall, upon conviction, be
6 sentenced to pay costs of prosecution and a fine of not less
7 than \$100 nor more than \$1,000 or to imprisonment for not more
8 than 60 days, or both, at the discretion of the court. Any
9 tobacco products purchased from a wholesaler properly licensed
10 under this article shall be presumed to have the proper taxes
11 paid.

12 (b) Tax evasion.--Any person that shall falsely or
13 fraudulently, maliciously, intentionally or willfully with
14 intent to evade the payment of the tax imposed by this article
15 sells or possesses any tobacco product for which the proper tax
16 has not been paid commits a felony and shall, upon conviction,
17 be sentenced to pay costs of prosecution and a fine of not more
18 than \$5,000 or to imprisonment for not more than five years, or
19 both, at the discretion of the court.

20 Section 1208-A. Assessment.

21 The department is authorized to make the inquiries,
22 determinations and assessments of the tax, including interest,
23 additions and penalties, imposed by this article.

24 Section 1209-A. (Reserved).

25 Section 1210-A. (Reserved).

26 Section 1211-A. Failure to file return.

27 Where no return is filed, the amount of the tax due may be
28 assessed and collected at any time as to taxable transactions
29 not reported.

30 Section 1212-A. False or fraudulent return.

1 Where the taxpayer willfully files a false or fraudulent
2 return with intent to evade the tax imposed by this article, the
3 amount of tax due may be assessed and collected at any time.
4 Section 1213-A. Extension of limitation period.

5 Notwithstanding any other provision of this article, where,
6 before the expiration of the period prescribed for the
7 assessment of a tax, a taxpayer has consented, in writing, that
8 the period be extended, the amount of tax due may be assessed at
9 any time within the extended period. The period so extended may
10 be extended further by subsequent consents, in writing, made
11 before the expiration of the extended period.

12 Section 1214-A. Failure to furnish information, returning false
13 information or failure to permit inspection.

14 (a) Penalty.--Any taxpayer who fails to keep or make any
15 record, return, report, inventory or statement, or keeps or
16 makes any false or fraudulent record, return, report, inventory
17 or statement required by this article commits a misdemeanor and
18 shall, upon conviction, be sentenced to pay costs of prosecution
19 and a fine of \$500 and to imprisonment for not more than one
20 year, or both, at the discretion of the court.

21 (b) Examination.--The department is authorized to examine
22 the books and records, the stock of tobacco products and the
23 premises and equipment of any taxpayer in order to verify the
24 accuracy of the payment of the tax imposed by this article. The
25 person subject to an examination shall give to the department or
26 its duly authorized representative, the means, facilities and
27 opportunity for the examination. Willful refusal to cooperate
28 with or permit an examination to the satisfaction of the
29 department shall be sufficient grounds for the suspension or
30 revocation of a taxpayer's license. In addition, a person who

1 willfully refuses to cooperate with or permit an examination to
2 the satisfaction of the department commits a misdemeanor and
3 shall, upon conviction, be sentenced to pay costs of prosecution
4 and a fine of \$500 or to imprisonment for not more than one
5 year, or both, at the discretion of the court.

6 (c) Dealer or manufacturer records.--A dealer or
7 manufacturer shall keep and maintain for a period of four years
8 records in the form prescribed by the department. The records
9 shall be maintained at the location for which the license is
10 issued.

11 (d) Reports.--A dealer or manufacturer shall file reports at
12 times and in the form prescribed by the department.

13 (e) Manufacturer, wholesaler or dealer records.--A
14 manufacturer, wholesaler or dealer located or doing business in
15 this Commonwealth who sells tobacco products to a wholesale or
16 retail license holder in this Commonwealth shall keep records
17 showing:

18 (1) A list by tobacco product and by brand family of the
19 number and kind of tobacco products sold, the amount of tax
20 due and the amount of tax paid. For roll-your-own tobacco,
21 the records shall include the total weight and the equivalent
22 stick count of roll-your-own tobacco by brand family which
23 the manufacturer, wholesaler or dealer sold, the amount of
24 tax due and the amount of tax paid. For purposes of this
25 paragraph, 0.09 ounces of roll-your-own tobacco shall
26 constitute one stick.

27 (2) The date the tobacco products were sold.

28 (3) The name and license number of the dealer the
29 tobacco products were sold to.

30 (4) The total weight of each of the tobacco products

1 sold to the license holder.

2 (5) The place where the tobacco products were shipped.

3 (6) The name of the common carrier.

4 (f) Manufacturer, wholesaler or dealer.--A manufacturer,
5 wholesaler or dealer shall file with the department, on or
6 before the 20th day of each month, a report showing the
7 information listed in subsection (e) for the previous month.

8 (g) Records.--Each manufacturer, wholesaler and dealer shall
9 maintain and make available to the department and to the Office
10 of Attorney General all invoices and documentation of sales of
11 all tobacco products and any other information relied upon to
12 prepare the reports required under subsection (f) for a period
13 of five years after each report is filed with the department.

14 Section 1215-A. Other violations, peace officers and fines.

15 Sections 1278, 1279, 1280 and 1291 are incorporated by
16 reference into and shall apply to the tax imposed by this
17 article.

18 Section 1216-A. Sales reporting.

19 For purposes of reporting sales of roll-your-own tobacco
20 under the act of June 22, 2000 (P.L.394, No.54), known as the
21 Tobacco Settlement Agreement Act, 0.09 ounces of tobacco shall
22 constitute one individual unit sold.

23 Section 1217-A. (Reserved).

24 Section 1218-A. (Reserved).

25 Section 1219-A. Records of shipments and receipts of tobacco
26 products required.

27 The department may, in its discretion, require reports from
28 any common or contract carrier who transports tobacco products
29 to any point or points within this Commonwealth, and from any
30 bonded warehouseman or bailee who has in the possession of the

1 warehouseman or bailee any tobacco products. The reports shall
2 contain the information concerning shipments of tobacco products
3 that the department determines to be necessary for the
4 administration of this article. All common and contract
5 carriers, bailees and warehousemen shall permit the examination
6 by the department or its authorized agents of any records
7 relating to the shipment or receipt of tobacco products.

8 Section 1220-A. Licensing of dealers and manufacturers.

9 (a) Prohibition.--No person, unless all sales of tobacco
10 products are exempt from Pennsylvania tobacco products tax,
11 shall sell, transfer or deliver any tobacco products in this
12 Commonwealth without first obtaining the proper license provided
13 for in this article.

14 (b) Application.--An applicant for a dealer's or
15 manufacturer's license shall complete and file an application
16 with the department. The application shall be in the form and
17 contain information prescribed by the department and shall set
18 forth truthfully and accurately the information desired by the
19 department. If the application is approved, the department shall
20 license the dealer or manufacturer for a period of one year and
21 the license may be renewed annually thereafter.

22 Section 1221-A. Licensing of manufacturers.

23 Any manufacturer doing business within this Commonwealth
24 shall first obtain a license to sell tobacco products by
25 submitting an application to the department containing the
26 information requested by the department and designating a
27 process agent. If a manufacturer designates no process agent,
28 the manufacturer shall be deemed to have made the Secretary of
29 State its agent for the service of process in this Commonwealth.

30 Section 1222-A. Licensing of wholesalers.

1 (a) Requirements.--Applicants for a wholesale license or
2 renewal of that license shall meet the following requirements:

3 (1) The premises on which the applicant proposes to
4 conduct business are adequate to protect the revenue.

5 (2) The applicant is a person of reasonable financial
6 stability and reasonable business experience.

7 (3) The applicant, or any shareholder controlling more
8 than 10% of the stock if the applicant is a corporation or
9 any officer or director if the applicant is a corporation,
10 shall not have been convicted of any crime involving moral
11 turpitude.

12 (4) The applicant shall not have failed to disclose any
13 material information required by the department, including
14 information that the applicant has complied with this article
15 by providing a signed statement under penalty of perjury.

16 (5) The applicant shall not have made any material false
17 statement in the application.

18 (6) The applicant shall not have violated any provision
19 of this article.

20 (7) The applicant shall have filed all required State
21 tax reports and paid any State taxes not subject to a timely
22 perfected administrative or judicial appeal or subject to a
23 duly authorized deferred payment plan.

24 (b) Multiple locations.--The wholesale license shall be
25 valid for one specific location only. Wholesalers with more than
26 one location shall obtain a license for each location.

27 Section 1223-A. Licensing of retailers.

28 Applicants for retail license or renewal of that license
29 shall meet the following requirements:

30 (1) The premises in which the applicant proposes to

1 conduct business are adequate to protect the revenues.

2 (2) The applicant shall not have failed to disclose any
3 material information required by the department.

4 (3) The applicant shall not have any material false
5 statement in the application.

6 (4) The applicant shall not have violated any provision
7 of this article.

8 (5) The applicant shall have filed all required State
9 tax reports and paid any State taxes not subject to a timely
10 perfected administrative or judicial appeal or subject to a
11 duly authorized deferred payment plan.

12 Section 1224-A. License for tobacco products vending machines.

13 Each tobacco products vending machine shall have a current
14 retail license which shall be conspicuously and visibly placed
15 on the machine. There shall be conspicuously and visibly placed
16 on every tobacco products vending machine the name and address
17 of the owner and the name and address of the operator.

18 Section 1225-A. License fees and issuance and display of
19 license.

20 (a) Application.--At the time of making any application or
21 license renewal application:

22 (1) An applicant for a tobacco products manufacturers
23 license shall pay the department a license fee of \$1,500.

24 (2) An applicant for a wholesale tobacco products
25 dealer's license shall pay to the department a license fee of
26 \$1,500.

27 (3) An applicant for a retail tobacco products dealer's
28 license shall pay to the department a license fee of \$25.

29 (4) An applicant for a vending machine tobacco products
30 dealer's license shall pay to the department a license fee of

1 \$25.

2 (b) Proration.--Fees shall not be prorated.

3 (c) Issuance and display.--On approval of the application
4 and payment of the fees, the department shall issue the proper
5 license which must be conspicuously displayed at the location
6 for which it has been issued.

7 Section 1226-A. Electronic filing.

8 The department may at its discretion require that any or all
9 returns, reports or registrations that are required to be filed
10 under this article be filed electronically. Failure to
11 electronically file any return, report, registration or other
12 information the department may direct to be filed electronically
13 shall subject the taxpayer to a penalty of 5% of the tax due on
14 the return, up to a maximum of \$1,000, but not less than \$10.
15 This penalty shall be assessed at any time and collected in the
16 manner provided in this article. This penalty shall be in
17 addition to any civil penalty imposed in this article for
18 failure to furnish information or file a return. The criminal
19 penalty for failure to file a return electronically shall be the
20 same as the criminal penalty for failure to furnish information
21 or file a return under this article.

22 Section 1227-A. Expiration of license.

23 (a) Expiration.--A license shall expire on the last day of
24 February next succeeding the date upon which it was issued
25 unless the department at an earlier date suspends, surrenders or
26 revokes the license.

27 (b) Violation.--After the expiration date of the license or
28 sooner if the license is suspended, surrendered or revoked, it
29 shall be illegal for any dealer to engage directly or indirectly
30 in the business heretofore conducted by the dealer for which the

1 license was issued. Any licensee who shall, after the expiration
2 date of the license, engage in the business theretofore
3 conducted by the licensee either by way of purchase, sale,
4 distribution or in any other manner directly or indirectly
5 engaged in the business of dealing with tobacco products for
6 profit shall be in violation of this article and be subject to
7 the penalties provided in this article.

8 Section 1228-A. Administration powers and duties.

9 (a) Department.--The administration of this article is
10 hereby vested in the department. The department shall adopt
11 rules and regulations for the enforcement of this article. The
12 department may impose fees as may be necessary to cover the
13 costs incurred in administering this section.

14 (b) Joint administration.--The department is authorized to
15 jointly administer this article with other provisions of this
16 act, including joint reporting of information, forms, returns,
17 statements, documents or other information submitted to the
18 department.

19 Section 1229-A. Sales without license.

20 (a) Penalty.--Any person who shall, without being the holder
21 of a proper unexpired dealer's license, engage in purchasing,
22 selling, distributing or in any other manner directly or
23 indirectly engaging in the business of dealing with tobacco
24 products for profit commits a summary offense and shall, upon
25 conviction, be sentenced to pay costs of prosecution and a fine
26 of not less than \$250 nor more than \$1,000, or to imprisonment
27 for not more than 30 days, or both, at the discretion of the
28 court.

29 (b) Prima facie evidence.--Open display of tobacco products
30 in any manner shall be prima facie evidence that the person

1 displaying such tobacco products is directly or indirectly
2 engaging in the business of dealing with tobacco products for
3 profit.

4 Section 1230-A. Violations and penalties.

5 (a) Suspension.--The license of any person who violates this
6 article may be suspended after due notice and opportunity for a
7 hearing for a period of not less than five days or more than 30
8 days for a first violation and shall be revoked or suspended for
9 any subsequent violation.

10 (b) Fine.--In addition to the provisions of subsection (a),
11 upon adjudication of a first violation, the person shall be
12 fined not less than \$2,500 nor more than \$5,000. For subsequent
13 violations, the person shall, upon adjudication thereof, be
14 fined not less than \$5,000 nor more than \$15,000.

15 (c) Civil penalty.--A person who violates section 1214-A
16 (b), (c) or (d) or 1225-A(c) shall be subject to a civil penalty
17 not to exceed \$300 per violation but shall not be subject to
18 subsections (a) and (b).

19 Section 1231-A. Property rights.

20 (a) Incorporation.--Subject to subsection (b), section 1285
21 is incorporated by reference into and shall apply to this
22 article.

23 (b) Alterations.--

24 (1) References in section 1285 to cigarettes shall apply
25 to tobacco products in this article.

26 (2) References in section 1285 to 2,000 or more
27 unstamped cigarettes shall apply to tobacco products worth at
28 least \$500 in this article.

29 (3) References in section 1285 to more than 200
30 unstamped cigarettes shall apply to tobacco products worth at

1 least \$50 in this article.

2 Section 1232-A. Sample of tobacco products.

3 (a) Samples.--The department shall, by regulation, govern
4 the receipt, distribution of and payment of tax on sample
5 tobacco products issued for free distribution.

6 (b) Construction.--Nothing in this article or the
7 regulations promulgated under this article shall prohibit the
8 bringing into this Commonwealth by a manufacturer samples of
9 tobacco products to be delivered and distributed only through
10 licensed dealers or the manufacturers or their sales
11 representatives. The tax shall be paid by the manufacturer
12 provided all such packs bear the legend "all applicable State
13 taxes have been paid." Under no circumstances shall any untaxed
14 tobacco products be sold within this Commonwealth.

15 Section 1233-A. Labeling and packaging.

16 It shall be unlawful to knowingly possess, sell, give,
17 transfer or deliver to any person, any tobacco product where the
18 packaging of which has been modified or altered by a person
19 other than the original manufacturer. Modification or alteration
20 shall include the placement of a sticker, writing or mark to
21 cover information on the packages. For purposes of this section,
22 a tobacco product package shall not be construed to have been
23 modified or altered by a person other than the manufacturer if
24 the most recent modification or alteration was made by the
25 manufacturer or person authorized by the manufacturer and
26 approved by the department.

27 Section 1234-A. Information exchange.

28 The department is authorized to exchange information with any
29 other Federal, State or local enforcement agency for purposes of
30 enforcing this article.

1 Section 18.1. Section 1707-B of the act, amended July 12,
2 2006 (P.L.1137, No.116), is amended to read:

3 Section 1707-B. Time Limitations.--[A taxpayer is not
4 entitled to a research and development tax credit for
5 Pennsylvania qualified research and development expenses
6 incurred in taxable years ending after December 31, 2015.] The
7 termination date in section 41(h) of the Internal Revenue Code
8 of 1986 (Public Law 99-514, 26 U.S.C. § 41(h)) does not apply to
9 a taxpayer who is eligible for the research and development tax
10 credit under this article for the taxable year in which the
11 Pennsylvania qualified research and development expense is
12 incurred.

13 Section 19. The heading of Article XVII-D of the act, added
14 July 25, 2007 (P.L.373, No.55), is amended to read:

15 ARTICLE XVII-D

16 [FILM] ENTERTAINMENT PRODUCTION TAX CREDIT

17 Section 20. Article XVII-D of the act is amended by adding a
18 subarticle heading to read:

19 SUBARTICLE A

20 PRELIMINARY PROVISIONS

21 Section 21. Section 1701-D of the act, added July 25, 2007
22 (P.L.373, No.55), is amended to read:

23 Section 1701-D. Scope of article.

24 This article relates to [film] entertainment production tax
25 credits.

26 Section 22. The act is amended by adding a section to read:

27 Section 1702-D. Definitions.

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