AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," providing for video game tax, establishing the Digital Protection for School Safety Account and imposing penalties.

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

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

ARTICLE XXII

VIDEO GAME TAX

Section 2201. Definitions.

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

“Adults only rating.” Content suitable only for an individual 18 years of age or older that may include prolonged scenes of intense violence, graphic sexual content or gambling with real currency.

“Board.” The Entertainment Software Rating Board established by the Entertainment Software Association.

“Department.” The Department of Revenue of the Commonwealth.

“Mature rating.” Content suitable only for an individual 17 years of age or older that may contain intense violence, blood and gore, sexual content or strong language.

“Video game.” An electronic game that involves interaction with a user interface to generate visual feedback on a video device. The term does not include a game that contains obscene material or performances as defined in 18 Pa.C.S. § 5903(b) (relating to obscene and other sexual materials and performances) or a game designed primarily for private, political, industrial, corporate or institutional purposes.

Section 2202. Imposition of tax on certain video games.

(a) Imposition.—A tax is imposed on each separate sale at retail of video games that have an adults only rating or mature rating according to the rating system established by the board.

(b) Rate.—The tax imposed under subsection (a) shall be imposed and collected at the rate 10% of the purchase price per video game sold. The additional rate of tax shall be in addition to any applicable State and local sales taxes.

(c) Remittance.—The tax imposed under subsection (a) shall be collected by the retailer from the purchaser and remitted to the department. The secretary of the department shall deposit
the money remitted under this subsection into the General Fund.


(a) Establishment.--The Digital Protection for School Safety Account is established as a restricted revenue account within the General Fund. Money in the account is appropriated to the department on a continuing basis for the purpose of enhancing school safety measures implemented by school districts as provided by the laws of this Commonwealth.

(b) Transfers.--The department shall determine the amount of money remitted under section 2202(c) for each fiscal year and provide notice of the amount to the State Treasurer on an annual basis. Upon receipt of the notice under this subsection, the State Treasurer shall transfer the amount of money remitted under section 2202(c) to the account.

Section 2204. Penalties.

(a) Collection or remittance.--A retailer who fails to collect or remit the tax imposed under section 2202(a) shall be liable for a penalty equal to one-half of the total amount of the tax.

(b) Payment.--A retailer shall pay the penalty imposed under subsection (a) upon notice and demand by the department. The department shall assess and collect the penalty in the same manner as a tax imposed under section 2202(a).

Section 2. This act shall take effect in 60 days.