



OTHER TOBACCO PRODUCTS TAX BULLETIN 2021-01

Roll-Your-Own Clubs/Operations and Commercial Use of Cigarette Rolling Machines

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The Pennsylvania Department of Revenue ("Department") issues this Other Tobacco Products Tax Bulletin to offer guidance to businesses that provide customers access to tobacco, cigarette tubes and cigarette rolling machines for the manufacture of finished cigarettes. Such operations render these businesses subject to higher licensing, reporting, and product registration requirements under state and federal law. Businesses subject to this notice are referred to as Roll-Your-Own Clubs or Operations ("RYO Clubs") and involve the use, sale, lease, or exchange of value ("sales") for the manufacture of cigarettes through a cigarette rolling machine.

Fire Safety and Firefighter Protection Act and Cigarette Tax Act

In 2008 the Pennsylvania legislature passed the Cigarette Fire Safety and Firefighter Protection Act, 35 P.S. § 1254.1, et al. ("Act"). The Act defines a manufacturer to be any entity which "manufactures or otherwise produces cigarettes or causes cigarettes to be manufactured or produced... to be sold in this Commonwealth..." 35 P.S. § 1254.3. As RYO Clubs provide all the means of production for the customer to acquire the finished cigarettes in exchange for value, they are manufacturers as defined under the Act.

As cigarette manufacturers, RYO Clubs are required to certify that the cigarettes manufactured at their facility are compliant with the safety requirements of the Act. 35 P.S. § 1254.3. A key component under the Act is that cigarettes are required to extinguish if unattended.

RYO Clubs should also have Cigarette Stamping Agent and Retailer licenses from the Department, available at <https://www.pa100.state.pa.us/>, in order to comply with their state tax licensing and reporting requirements. 72 P.S. §§ 204-A and 206-A.

Cease Operations

RYO Clubs are to immediately cease and desist from selling or allowing the production of cigarettes from cigarette rolling machines if:



1. They are not properly registered and licensed under state law.
2. They are not in compliance with the laws of the Commonwealth.
3. Their products generated through a RYO Club's rolling machines are not certified to be firesafe and in compliance with the Act.

Failure to immediately cease all sales and to shutter the rolling machines could result in the seizure or disabling of the machines as well as fines and seizure of cigarettes and other tobacco manufacturing products.