

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 762 Session of
2003

INTRODUCED BY DENT, ARMSTRONG, COSTA, TARTAGLIONE, ERICKSON,
PUNT, RAFFERTY, BOSCOLA, ORIE, RHOADES AND WONDERLING,
MAY 16, 2003

REFERRED TO FINANCE, MAY 16, 2003

AN ACT

1 Amending the act of October 6, 1998 (P.L.705, No.92), entitled,
2 as amended, "An act providing for the creation of keystone
3 opportunity zones and keystone opportunity expansion zones to
4 foster economic opportunities in this Commonwealth, to
5 facilitate economic development, stimulate industrial,
6 commercial and residential improvements and prevent physical
7 and infrastructure deterioration of geographic areas within
8 this Commonwealth; authorizing expenditures; providing tax
9 exemptions, tax deductions, tax abatements and tax credits;
10 creating additional obligations of the Commonwealth and local
11 governmental units; and prescribing powers and duties of
12 certain State and local departments, agencies and officials,"
13 further providing for keystone opportunity zones, for
14 keystone opportunity expansion zones, for keystone
15 opportunity improvement zones and for review.

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

18 Section 1. Sections 301, 301.1, 301.2 and 303 of the act of
19 October 6, 1998 (P.L.705, No.92), known as the Keystone
20 Opportunity Zone and Keystone Opportunity Expansion Zone Act,
21 amended or added December 20, 2000 (P.L.841, No.119) and
22 December 9, 2002 (P.L.1727, No.217), are amended to read:

23 Section 301. Keystone opportunity zones.

24 (a) Establishment.--There is hereby established within the

1 department a program providing for keystone opportunity zones. A
2 keystone opportunity zone shall be comprised of deteriorated
3 property and shall not exceed a total of 5,000 acres.

4 (b) Zone authorization.--The department shall authorize not
5 more than 12 keystone opportunity zones in this Commonwealth.
6 Persons and businesses within an authorized keystone opportunity
7 zone that are qualified under this act shall be entitled to all
8 tax exemptions, deductions, abatements or credits set forth in
9 this act for a period not to exceed 15 years beginning January
10 1, 1999, and ending on or before December 31, 2013.

11 (c) Subzone designation.--The department may designate not
12 more than 12 subzones in each keystone opportunity zone. The
13 total number of subzone acres in a keystone opportunity zone
14 shall not exceed 5,000 acres in the aggregate.

15 (d) Authorization for local tax exemption.--Every political
16 subdivision within which a proposed subzone is located, whether
17 in whole or in part, is hereby authorized to provide tax
18 exemptions, deductions, abatements or credits to persons and
19 businesses qualified under this act. The political subdivision
20 shall agree to provide exemptions, deductions, abatements or
21 credits from all local taxes set forth in this act in order to
22 qualify to be designated a subzone. Except as provided in
23 section 303(e), the exemptions, deductions, abatements or
24 credits shall be effective January 1, 1999, if designation of a
25 subzone within the political subdivision is granted by the
26 department. The exemptions, deductions, abatements or credits
27 shall be binding upon the political subdivision for the duration
28 of the subzone designation.

29 (e) Authorization to extend the duration of a keystone
30 opportunity zone or subzone.--A subzone of a keystone

1 opportunity zone may request to extend its designation as a
2 subzone for a period of three years. A subzone that is part of a
3 keystone opportunity zone that will expire on December 31, 2008,
4 may extend its designation as a subzone to December 31, 2010, or
5 to December 31, 2013. The request to extend a subzone
6 designation shall be made on a subzone-by-subzone basis. A
7 qualified political subdivision having an approved subzone
8 within its jurisdiction and seeking to extend the subzone
9 designation shall pass the required ordinances, resolutions or
10 other required action of the qualified political subdivision for
11 the necessary exemptions, deductions, abatements or credits
12 pursuant to this act for the period beginning after December 31,
13 2008, or December 31, 2010, as the case may be, and shall submit
14 copies of the ordinance, resolution or other action to the
15 department by June 30, 2001. The department may grant the
16 request to extend provided all the proper binding ordinances,
17 resolutions or other governing documents are passed by all
18 qualified political subdivisions within the subzone extending
19 the necessary exemptions, deductions, abatements and credits to
20 the entire subzone to December 31, 2010, or December 31, 2013.
21 The department shall approve or deny the request for extension
22 of duration of a subzone by July 31, 2001, and shall provide
23 written notice, irrespective of whether approved or denied, to
24 each qualified political subdivision, resident and qualified
25 business affected. Upon approval of a request for extension of
26 duration of a subzone, the exemptions, deductions, abatements or
27 credits shall be binding upon the qualified political
28 subdivision as provided in subsection (d).

29 (f) Authorization to enhance existing subzones.--Unless as a
30 result of a request the limitation on size established in

1 subsection (a) would be exceeded, a subzone of a keystone
2 opportunity zone may request to enhance its size. The request to
3 enhance a subzone must be made on a subzone-by-subzone basis. A
4 qualified political subdivision having an approved subzone
5 within its jurisdiction which is seeking to enhance its size
6 must pass the required ordinances, resolutions or other required
7 action of the qualified political subdivision for the necessary
8 exemptions, deductions, abatements or credits pursuant to this
9 act for the period beginning on the date of designation and
10 ending on the date the subzone expires and must submit copies of
11 the ordinance, resolution or other action to the department by
12 [June 1, 2003] January 1, 2004.

13 Section 301.1. Keystone opportunity expansion zones.

14 (a) Establishment.--There is hereby established within the
15 department a program providing for keystone opportunity
16 expansion zones. A keystone opportunity expansion zone shall be
17 comprised of deteriorated property and shall not exceed a total
18 of 1,500 acres.

19 (b) Authorization.--The department shall authorize not more
20 than 12 keystone opportunity expansion zones in this
21 Commonwealth. Persons and businesses within an authorized
22 keystone opportunity expansion zone that are qualified under
23 this act shall be entitled to all tax exemptions, deductions,
24 abatements or credits set forth in this act for a period of ten
25 or 13 years beginning January 1, 2001, and ending on December
26 31, 2010, or December 31, 2013.

27 (c) Expansion subzone designation.--The department may
28 designate not more than eight expansion subzones in a keystone
29 opportunity expansion zone. The total number of expansion
30 subzone acres in a keystone opportunity expansion zone shall not

1 exceed 1,500 acres in the aggregate.

2 (d) Authorization for local tax exemption.--Every political
3 subdivision within which a proposed expansion subzone is
4 located, whether in whole or in part, is hereby authorized to
5 provide tax exemptions, deductions, abatements or credits to
6 persons and businesses qualified under this act for a period
7 ending December 31, 2010, or December 31, 2013. The exemption
8 period shall be uniform within each expansion subzone. The
9 political subdivision shall agree to provide exemptions,
10 deductions, abatements or credits from all local taxes set forth
11 in this act in order to qualify to be designated an expansion
12 subzone. The exemptions, deductions, abatements or credits shall
13 be effective January 1, 2001, if designation of an expansion
14 subzone within the political subdivision is granted by the
15 department. The exemptions, deductions, abatements or credits
16 shall be binding upon the political subdivision for the duration
17 of the expansion subzone designation.

18 (e) Authorization to enhance existing expansion subzones.--
19 Unless as a result of a request the limitation on size
20 established in subsection (a) would be exceeded, an expansion
21 subzone of a keystone opportunity expansion zone may request to
22 enhance its size. The request to enhance the expansion subzone
23 must be made on a subzone-by-subzone basis. A qualified
24 political subdivision having an approved expansion subzone
25 within its jurisdiction which is seeking to enhance its size
26 must pass the required ordinances, resolutions or other required
27 action of the qualified political subdivision for the necessary
28 exemptions, deductions, abatements or credits pursuant to this
29 act for the period beginning on the date of designation and
30 ending on the date the expansion subzone expires and must submit

1 copies of the ordinance, resolution or other action to the
2 department by [June 1, 2003] January 1, 2004.

3 Section 301.2. Keystone opportunity improvement zones.

4 (a) Establishment.--There is established within the
5 department a program for keystone opportunity improvement zones.
6 A keystone opportunity improvement zone shall be comprised of
7 improvement subzones consisting of deteriorated property
8 designated by the Governor.

9 (b) Proposal.--By January 1, 2003, and notwithstanding any
10 designation under sections 301 and 301.1, the Governor may, by
11 executive order, designate deteriorated property in this
12 Commonwealth as a proposed improvement subzone. The executive
13 order shall specify the period of time, not to exceed 15 years,
14 for which the tax exemptions, deductions, abatements or credits
15 provided by this act may be granted. The department shall
16 immediately notify political subdivisions located within the
17 area designated.

18 (c) Application.--By [June 1, 2003] January 1, 2004, a
19 political subdivision may apply to the department for approval
20 of the designation of the deteriorated property as an
21 improvement subzone for the period designated under subsection
22 (b). The application must be on a form provided by the
23 department and must include a copy of an ordinance, resolution
24 or other required action from the governing body of the
25 political subdivision exempting or providing the deductions,
26 abatements or credits required by Chapter 7 to qualified persons
27 and qualified businesses within the proposed improvement
28 subzone. Except as provided in section 309, all appropriate
29 ordinances and resolutions must be effective for the period
30 specified in the executive order and must be binding and

1 nonrevocable on the political subdivision.

2 (d) Designation.--If all political subdivisions within a
3 proposed improvement subzone submit timely completed
4 applications, the department shall approve the applications and
5 designate the property as an improvement subzone. If a proposed
6 improvement subzone is an existing subzone or an existing
7 expansion subzone, failure of a political subdivision to submit
8 the application as required by this section shall not terminate
9 the existing designation as either a subzone or an expansion
10 subzone. Qualified persons and qualified businesses within the
11 improvement subzone shall be entitled to the State exemptions,
12 deductions, abatements or credits set forth in this act and the
13 local tax exemptions, deductions, abatements or credits set
14 forth in this act for the period for which the improvement
15 subzone has been designated.

16 Section 303. Review.

17 (a) Action of department.--The department, in consultation
18 with the Department of Revenue, shall review all completed
19 applications submitted under this act. An application for
20 authorization as a keystone opportunity zone and designation of
21 subzones shall be received by the department on or before
22 September 30, 1998, in order to be considered by the department.
23 An application for authorization as a keystone opportunity
24 expansion zone and designation of expansion subzones shall be
25 received by the department on or before February 28, 2001, in
26 order to be considered by the department. An application for
27 enhancement of an existing keystone opportunity zone or of an
28 existing keystone opportunity expansion zone must be received by
29 the department on or before [June 1, 2003] January 1, 2004.

30 (b) Process.--The department shall authorize up to 12

1 keystone opportunity zones from applications meeting the
2 criteria in section 304 based upon need and likelihood of
3 success. The department shall authorize up to 12 keystone
4 opportunity expansion zones from applications meeting the
5 criteria in section 304 based upon need and likelihood of
6 success. Additionally, the department shall not alter the
7 geographic boundaries of a subzone or expansion subzone or the
8 duration of a subzone or expansion subzone described in an
9 application. The department shall designate additional
10 enhancements to existing keystone opportunity zones and keystone
11 opportunity expansion zones from applications meeting the
12 criteria in section 304 based upon need and likelihood of
13 success.

14 (c) Authorizations.--The department shall authorize all
15 keystone opportunity zones by November 30, 1998. The department
16 shall authorize all keystone opportunity expansion zones by
17 March 30, 2001. The department shall designate all enhancements
18 to existing keystone opportunity zones and keystone opportunity
19 expansion zones by October 1, 2003.

20 (d) Effective date of designation.--The designation of a
21 subzone under this act shall take effect on January 1, 1999. The
22 designation of an expansion subzone under this act shall take
23 effect on January 1, 2001. The designation of enhancements to
24 existing keystone opportunity zones and keystone opportunity
25 expansion zones under this act shall take effect January 1,
26 2004.

27 (e) Extension.--The department may extend the deadline for
28 the receipt of applications for keystone opportunity zones until
29 December 31, 1998, if all 12 zones have not been authorized and
30 the extension is necessary to allow eligible political

1 subdivisions to apply. The department shall authorize additional
2 keystone opportunity zones under this subsection by February 28,
3 1999. The authorization shall take effect January 1, 1999, or if
4 the authorization occurs after January 1, 1999, that subsequent
5 authorization shall for all purposes be retroactive to January
6 1, 1999. The keystone opportunity zone authorization shall end
7 as provided in section 301(b).

8 Section 2. This act shall take effect immediately.