

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 884 Session of 2015

INTRODUCED BY SMUCKER AND PILEGGI, JUNE 12, 2015

REFERRED TO FINANCE, JUNE 12, 2015

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 in keystone opportunity zones, providing for continuation for
14 new job creation or new capital investment.

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

17 Section 1. The act of October 6, 1998 (P.L.705, No.92),
18 known as the Keystone Opportunity Zone, Keystone Opportunity
19 Expansion Zone and Keystone Opportunity Improvement Zone Act, is
20 amended by adding a section to read:

21 Section 301.8. Continuation for new job creation or new capital
22 investment.

23 (a) Purpose.--This section shall govern the continuation of
24 a keystone opportunity zone, keystone opportunity expansion zone

1 or keystone opportunity improvement zone or subzone for one or
2 more parcels located within the zone or subzone.

3 (b) Applicability.--

4 (1) This section applies only to a keystone opportunity
5 zone, keystone opportunity expansion zone or keystone
6 opportunity improvement zone or subzone that expired in 2014
7 or will expire prior to January 1, 2026.

8 (2) This section does not apply to an exemption,
9 deduction, abatement or credit authorized under Chapter 7.
10 The department may not require a qualified political
11 subdivision to approve an application under this section
12 regarding a parcel that is located within the qualified
13 political subdivision.

14 (c) Application.--

15 (1) The following may apply to the department for
16 approval to continue a keystone opportunity zone, keystone
17 opportunity expansion zone or keystone opportunity
18 improvement zone or subzone for one or more parcels located
19 within the zone or subzone:

20 (i) one qualified business within the zone or
21 subzone as a sole applicant; or

22 (ii) two or more qualified businesses within the
23 zone or subzone as a joint applicant.

24 (2) To continue the tax exemption, deduction, abatement
25 or credit authorized under Chapter 5 regarding a parcel under
26 paragraph (1), the applicant must submit an application to
27 the department no later than three months prior to the
28 expiration date of the existing keystone opportunity zone,
29 keystone opportunity expansion zone or keystone opportunity
30 improvement zone or subzone.

1 (3) An application under this section shall include all
2 the information required by the department as established in
3 guidelines to be published by the department.

4 (4) Each sole or joint applicant must:

5 (i) Have a minimum of 2,500 employees located within
6 this Commonwealth at the time of application.

7 (ii) Demonstrate a prior minimum capital investment
8 within this Commonwealth of at least \$300 million.

9 (iii) Conduct active business operations from one or
10 more facilities located on the parcel or parcels that are
11 the subject of the application.

12 (iv) Otherwise be in compliance with the provisions
13 of this act.

14 (d) Review and approval.--

15 (1) In consultation with the Department of Revenue, the
16 department shall review each application under subsection
17 (c). The department shall complete its review within three
18 months of receipt of the application.

19 (2) If an applicant has satisfied the requirements of
20 this section, the department shall approve the application
21 under subsection (c).

22 (e) Certifications.--

23 (1) Upon the approval of the application under
24 subsection (c), the department shall issue a certification of
25 the exemptions, deductions, abatements or credits authorized
26 under Chapter 5 for the parcel or parcels.

27 (2) Subject to paragraph (3), the certification, along
28 with the exemptions, deductions, abatements or credits, shall
29 be effective beginning on the day following the original
30 expiration date of the existing keystone opportunity zone,

1 keystone opportunity expansion zone or keystone opportunity
2 improvement zone or subzone and ending on the day that is 10
3 years after the original expiration date. The exemptions,
4 deductions, abatements or credits shall apply only to
5 business activity conducted within the parcel or parcels
6 identified in the approved application.

7 (3) The department shall issue the following to each
8 applicant under subsection (c) and any other qualified
9 business located within the parcel or parcels approved under
10 this section:

11 (i) For the first year of the continuation period, a
12 certification as described under section 307.

13 (ii) Subject to paragraph (4), after the first year
14 of the continuation period, an annual renewal of the
15 certification issued in accordance with section 307, if
16 the qualified business as the sole applicant or the
17 qualified businesses as joint applicant, taken as a
18 whole, demonstrates to the department that the business
19 or businesses have:

20 (A) increased employment within this
21 Commonwealth by 100 or more jobs during the previous
22 year; or

23 (B) made capital investment within this
24 Commonwealth of at least \$10,000,000 during the
25 previous year.

26 (4) If the qualified business or businesses demonstrate
27 to the department during an annual renewal of the
28 certification that the business or businesses have increased
29 employment within this Commonwealth by 300 or more jobs
30 during the previous year or made capital investment within

1 this Commonwealth in excess of \$50,000,000 during the
2 previous year, the employment and capital investment
3 requirements of paragraph (3)(ii) shall not apply to a
4 subsequent annual renewal of the certification.

5 (5) If the qualified business or businesses are unable
6 to meet the employment and capital investment requirements of
7 paragraph (3)(ii), the certification may not be renewed for
8 the following year.

9 (6) Failure to receive an annual renewal of a
10 certification for one year does not:

11 (i) disqualify the qualified business or businesses
12 from submitting an application for annual renewal in a
13 subsequent year; or

14 (ii) impact the expiration date of the continuation
15 of a keystone opportunity zone, keystone opportunity
16 expansion zone or keystone opportunity improvement zone
17 or subzone.

18 (f) Expiration.--

19 (1) A continuation of a keystone opportunity zone,
20 keystone opportunity expansion zone or keystone opportunity
21 improvement zone or subzone shall expire no later than 10
22 years following the effective date of certification by the
23 department of the exemptions, deductions, abatements or
24 credits.

25 (2) If a qualified business that is a sole applicant
26 under this section departs from the continued parcel or
27 parcels prior to the expiration of the continuation, the
28 continuation shall expire upon the date of removal of the
29 qualified business.

30 (3) If less than all of the qualified businesses that

1 are part of the joint application depart from the continued
2 parcel or parcels prior to the expiration of the
3 continuation, the continuation shall not expire. The
4 continuation shall expire upon the date of removal of the
5 last qualified business that was part of the joint
6 application.

7 (g) Employment and capital investment.--

8 (1) (i) For purposes of calculating employment and
9 capital investment requirements under subsection (e) (3)

10 (ii), the department may accept increased employment or
11 capital investment within this Commonwealth resulting
12 from the creation, acquisition or merger of the qualified
13 business or businesses with a new or existing business
14 entity that occurs after the certification of the
15 continued parcel or parcels.

16 (ii) This paragraph does not apply to jobs that
17 existed within this Commonwealth prior to the date of the
18 acquisition or merger.

19 (2) The determination by the department as to whether
20 the employment or capital investment requirements of
21 subsections (c) (4) and (e) (3) (ii) have been met shall be
22 binding upon the Department of Revenue.

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