
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 900 Session of
2019

INTRODUCED BY SCARNATI, CORMAN, BARTOLOTTA, KILLION, GORDNER,
BROWNE, MENSCH, K. WARD, YUDICHAK, VOGEL, PITTMAN, SCAVELLO,
REGAN AND J. WARD, NOVEMBER 26, 2019

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
NOVEMBER 26, 2019

AN ACT

1 Providing for advanced manufacturing research, development
2 facilities and infrastructures through business partnerships
3 with State-related institutions; establishing the Max
4 Manufacturing Initiative Fund, the Keystone Energy Zone
5 Program and the Keystone Energy Zone Fund; and imposing
6 powers and duties on the Department of Revenue.

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

1 CHAPTER 1

2 PRELIMINARY PROVISIONS

3 Section 101. Short title.

4 This act shall be known and may be cited as the Max
5 Manufacturing Initiative Act.

6 Section 102. Findings and declarations.

7 The General Assembly finds and declares as follows:

8 (1) The intent of this act is to leverage the proximity
9 of abundant shale gas with university and private research
10 and engineering expertise to establish public-private
11 partnerships and State-related institution partnerships
12 within this Commonwealth.

13 (2) This collaboration is designed to align with the
14 Commonwealth's stated economic development goals through the
15 use and mechanisms of shared research and development as
16 identified, funding grants, incentivized private investments
17 and business incentives to attract high-technology industries
18 for advanced manufacturing in this Commonwealth to:

19 (i) Advance and promote the general welfare of the
20 residents of this Commonwealth.

21 (ii) Foster stronger business alliances, which will
22 increase employment opportunities for Pennsylvanians.

23 (iii) Maximize the research capabilities of the
24 State-related institutions within this Commonwealth.

25 (iv) Establish this Commonwealth and its university
26 and business partnerships as international leaders in
27 idea generation and the development, testing and
28 implementation of cutting-edge advances in science and
29 technology.

30 (v) Create shared research and development

1 facilities and infrastructures within this Commonwealth
2 to leverage and maximize the research and development of
3 advanced materials and manufacturing techniques for
4 producing high-value products.

5 (vi) Pool investments as necessary to create and
6 design academic and work programming that includes
7 academic restructuring and attracting new industry-driven
8 workforce and job training centers to convert and sustain
9 existing regional workforces to next-generation
10 manufacturing models and goals.

11 (vii) Expand and incentivize an industry-led
12 business environment in alignment with the Commonwealth's
13 economic development goals, including financial
14 incentives for infrastructure support.

15 Section 103. Definitions.

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

19 "Advanced manufacturing." New manufacturing activities or
20 technologies which depend on the use and coordination of
21 information, automation, computation, software, sensing and
22 networking, or make use of materials and capabilities enabled by
23 the physical and biological sciences and which may involve new
24 ways to manufacture existing products or the manufacture of new
25 products emerging from new advanced technologies.

26 "Alternative energy sources." As defined in section 2 of the
27 act of November 30, 2004 (P.L.1672, No.213), known as the
28 Alternative Energy Portfolio Standards Act.

29 "Applicant." A State-related institution or a public-private
30 partnership to which a State-related institution is a party and

1 is eligible to apply for and receive redevelopment assistance
2 capital grants or Commonwealth grants under this act.

3 "Application." A document submitted to the Ben Franklin
4 Technology Development Authority, Department of Revenue or other
5 agency under this act to secure funding or designation.

6 "Application process." The steps necessary to initiate
7 consideration for funding or designation under this act.

8 "Ben Franklin Technology Development Authority." The Ben
9 Franklin Technology Development Authority created under the act
10 of June 22, 2001 (P.L.569, No.38), known as The Ben Franklin
11 Technology Development Authority Act.

12 "Bonds." Includes notes, instruments, refunding notes and
13 bonds and other evidences of indebtedness or obligations.

14 "Capital Facilities Debt Enabling Act." The act of February
15 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt
16 Enabling Act.

17 "Contracting authority." An authority created under 53
18 Pa.C.S. Ch. 56 (relating to municipal authorities) for the
19 purpose of designating a Keystone Energy Zone and constructing a
20 facility or other authority created under the laws of this
21 Commonwealth that is eligible to apply for and receive
22 redevelopment assistance capital grants under the Capital
23 Facilities Debt Enabling Act.

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

25 "Earned income tax." A tax or portion of a tax imposed on
26 earned income within a Keystone Energy Zone under the act of
27 December 31, 1965 (P.L.1257, No.511), known as The Local Tax
28 Enabling Act, or the act of August 24, 1961 (P.L.1135, No.508),
29 referred to as the First Class A School District Earned Income
30 Tax Act, which a municipality or a school district is entitled

1 to receive. For purposes of this definition, the term
2 "municipality" shall mean a city, borough, incorporated town or
3 township.

4 "Final determination." A final decision issued in writing by
5 the Ben Franklin Technology Development Authority.

6 "Fund." The Max Manufacturing Initiative Fund established
7 under section 201.

8 "Keystone Energy Zone." A clearly defined contiguous
9 geographic area comprising one or more political subdivisions
10 located in a county that:

11 (1) Contains an anchor infrastructure asset, including,
12 but not limited to, an airport or other transportation hub.

13 (2) Has access to energy resources and assets,
14 including, but not limited to, natural gas pipelines and
15 market hubs, or alternative energy sources.

16 (3) Has the participation of a State-related institution
17 that is approved by the department for which all taxes
18 generated in the Keystone Energy Zone, except school district
19 and city taxes, can be used to pay debt service on financed
20 improvements within the Keystone Energy Zone.

21 "Master list." The list of qualified businesses under
22 section 606(d).

23 "Matching funds." Cash or in-kind contributions that
24 leverage non-Commonwealth funding to enhance the initiative.

25 "Operating organization." An entity that contracts directly
26 with the contracting authority to lease or operate a shared
27 research infrastructure project facility.

28 "Private entity." A person, entity, group or organization
29 that is not the Federal Government, the Commonwealth or a
30 municipal authority.

1 "Public entity." A Commonwealth agency as defined in 62
2 Pa.C.S. § 103 (relating to definitions) or a municipal
3 authority. The term does not include the General Assembly and
4 its members, officers or agencies or a court or other office or
5 agency of the Pennsylvania judicial system.

6 "Public-private partnership." An agreement between a public
7 entity and at least one private entity for the construction,
8 acquisition, management or operation of a facility created under
9 a shared research infrastructure project.

10 "Qualified business." An entity authorized to conduct
11 business in this Commonwealth that is located or partially
12 located within a Keystone Energy Zone and is engaged in the
13 active conduct of a trade or business for the taxable year.

14 "Shared research infrastructure project." A project to
15 create collaborative research and development facilities for
16 State-related institutions and industry partnerships conducting
17 activities relating to advanced manufacturing, including, but
18 not limited to, land acquisition, acquisition or construction of
19 buildings, equipment, furnishings, site preparation, road and
20 highway improvements, water and sewer infrastructure or other
21 infrastructure development.

22 "State-related institution." Any of the following
23 institutions of higher education:

- 24 (1) Lincoln University.
- 25 (2) Temple University.
- 26 (3) The Pennsylvania State University.
- 27 (4) The University of Pittsburgh.

28 CHAPTER 2
29 MAX MANUFACTURING INITIATIVE FUND
30 Section 201. Establishment.

1 The Max Manufacturing Initiative Fund is established within
2 the Ben Franklin Technology Development Authority containing
3 accounts to issue grants to support public-private partnerships
4 grants, shared equipment grants and max manufacturing research
5 grants. The Ben Franklin Technology Development Authority shall
6 be responsible for oversight, management and operation of the
7 fund.

8 CHAPTER 3

9 PUBLIC-PRIVATE PARTNERSHIPS GRANTS

10 Section 301. Establishment.

11 There is established an account within the fund which shall
12 be administered by the Ben Franklin Technology Development
13 Authority to issue grants for the administration, management and
14 operations of public-private partnerships for the purpose of
15 collocating university research with private research and
16 development in advanced manufacturing.

17 Section 302. Commonwealth money.

18 The receipt of grants of Commonwealth money by a public-
19 private partnership under this chapter to finance costs related
20 to a shared research infrastructure project shall be subject to
21 the requirements of this chapter.

22 Section 303. Eligibility.

23 In order for a shared research infrastructure project to
24 qualify for grants of Commonwealth money under this chapter, the
25 applicant shall:

26 (1) Be a public-private partnership that includes a
27 State-related institution.

28 (2) Provide a financial plan for all funding related to
29 the project, including details regarding the financial
30 commitment of the parties to the project and documentation of

1 matching funds from non-State sources in an amount equal to
2 the amount being requested in the application.

3 (3) Demonstrate that the shared research infrastructure
4 project to be funded furthers the goals of this act, as
5 determined by the Ben Franklin Technology Development
6 Authority.

7 Section 304. Process and application.

8 (a) Application process.--The Ben Franklin Technology
9 Development Authority shall establish an application process for
10 grants under this chapter no more than 90 days after the
11 effective date of this act. The Ben Franklin Technology
12 Development Authority shall not begin accepting applications for
13 at least 60 days from the date the application forms are made
14 publicly available.

15 (b) Review and determination.--In reviewing a grant
16 application and reaching a final determination, the Ben Franklin
17 Technology Development Authority shall consider all of the
18 following:

19 (1) Whether the project proposed to be funded is
20 authorized under this act.

21 (2) The applicant's successful completion of the
22 application, including any additional material or information
23 requested by the Ben Franklin Technology Development
24 Authority.

25 (3) The goals outlined in the application, including,
26 but not limited to, the project's goals for spurring
27 innovation, creating jobs and attracting private investment
28 in advanced manufacturing to Pennsylvania.

29 (4) The proposed private partnership arrangement and
30 related matching funds.

1 Section 305. Appropriation.

2 The General Assembly may appropriate money to the Ben
3 Franklin Technology Development Authority for the purposes
4 specified under this chapter.

5 CHAPTER 4

6 SHARED EQUIPMENT GRANTS

7 Section 401. Establishment.

8 There is established an account within the fund which shall
9 be administered by the Ben Franklin Technology Development
10 Authority to issue shared equipment grants for specialized
11 equipment or integrated systems for shared-use among university
12 and private sector researchers conducting research and
13 development in advanced manufacturing.

14 Section 402. Eligibility.

15 (a) Distribution.--The Ben Franklin Technology Development
16 Authority may make distributions from the fund, subject to the
17 terms, conditions and restrictions provided under this chapter,
18 for the purpose of making grants to public-private partnerships
19 involved in the following:

20 (1) Advancement in the fields of industrial processes,
21 mining, manufacturing, production agriculture, information
22 technology and biotechnology.

23 (2) Service as a medical facility or in other industrial
24 or technology sectors as defined by the Ben Franklin
25 Technology Development Authority.

26 (3) The acquisition and installation of new machinery
27 and equipment, upgrading existing machinery and equipment or
28 retrofitting existing facilities with new or high-demand
29 technologies as defined by the Ben Franklin Technology
30 Development Authority.

1 (b) Grants.--Grants shall be subject to the following
2 conditions:

3 (1) Grants shall be made to eligible public-private
4 partnerships under this chapter.

5 (2) Grants shall be designed to include the purchase and
6 installation of new equipment and machinery, the upgrade of
7 existing machinery and equipment or the retrofitting of
8 existing facilities with new or high-demand technologies.

9 This subparagraph includes the acquisition, application and
10 utilization of computer hardware and software.

11 Section 403. Process and application.

12 (a) Application process.--The Ben Franklin Technology
13 Development Authority shall establish an application process for
14 grants under this chapter no more than 90 days after the
15 effective date of this act. The Ben Franklin Technology
16 Development Authority shall not begin accepting applications for
17 at least 60 days from the date the application forms are made
18 publicly available.

19 (b) Review and determination.--In reviewing a grant
20 application and reaching a final determination, the Ben Franklin
21 Technology Development Authority shall consider all of the
22 following:

23 (1) Whether the project proposed to be funded is
24 authorized under this chapter.

25 (2) The applicant's successful completion of the
26 application, including any additional material or information
27 requested by the Ben Franklin Technology Development
28 Authority.

29 (3) The goals outlined in the application, including,
30 but not limited to, the purchase and installation of new

1 equipment and machinery, the upgrade of existing machinery
2 and equipment or the retrofitting of existing facilities with
3 new or high-demand technologies.

4 Section 404. Matching funds.

5 Applicants shall provide documentation of matching funds from
6 non-State sources in an amount equal to the grant amount being
7 requested under this chapter.

8 Section 405. Appropriation.

9 The General Assembly may appropriate money to the Ben
10 Franklin Technology Development Authority for the purposes
11 specified under this chapter.

12 CHAPTER 5

13 MAX MANUFACTURING RESEARCH GRANTS

14 Section 501. Establishment.

15 (a) Establishment of account.--There is established an
16 account within the fund which shall be administered by the Ben
17 Franklin Technology Development Authority to issue research
18 grants for start-up packages in research areas supporting
19 advanced manufacturing, including, but not limited to, energy
20 sciences, engineering and computer science.

21 (b) Findings.--

22 (1) It is in the public interest to create incentives
23 for State-related universities to recruit researchers and
24 research teams by funding start-up packages in research areas
25 that support growth in advanced manufacturing capabilities to
26 create well-paying jobs and enhanced economic opportunities
27 for the people of Pennsylvania.

28 (2) Incentives should be used to recruit and maintain
29 leading scientists and engineers at State-related research
30 universities for the purposes of developing and leveraging

1 the research capabilities of the universities for the
2 creation of well-paying jobs and enhanced economic
3 opportunities in accordance with this act.

4 (3) The use of money under this chapter may be used in
5 creating incentives to lure, maintain and keep a cutting-edge
6 knowledge base.

7 Section 502. Process and application.

8 (a) Eligibility.--In conjunction with a public-private
9 partnership, a State-related institution, individually or with
10 one or more other Pennsylvania higher education institutions,
11 may make application for awards from a public-private
12 partnership.

13 (b) Application process.--The Ben Franklin Technology
14 Development Authority shall establish an application process for
15 grants under this chapter no more than 90 days after the
16 effective date of this act. The Ben Franklin Technology
17 Development Authority shall not begin accepting applications for
18 at least 60 days from the date the application forms are made
19 publicly available.

20 (c) Review and determination.--In reviewing a grant
21 application and reaching a final determination, the Ben Franklin
22 Technology Development Authority shall consider all of the
23 following:

24 (1) Whether the project proposed to be funded is
25 authorized under this chapter.

26 (2) The applicant's successful completion of the
27 application, including any additional material or information
28 requested by the Ben Franklin Technology Development
29 Authority.

30 (3) The goals outlined in the application, including,

1 but not limited to, recruiting researchers and research teams
2 by creating start-up packages in research areas that support
3 growth in advanced manufacturing capabilities to create well-
4 paying jobs and enhanced economic opportunities in this
5 Commonwealth.

6 Section 503. Match.

7 Applicants shall provide documentation of matching funds from
8 non-State sources in an amount equal to the grant amount being
9 requested under this chapter.

10 Section 504. Appropriation.

11 The General Assembly may appropriate money to the Ben
12 Franklin Technology Development Authority for the purposes
13 specified under this chapter.

14 CHAPTER 6

15 KEYSTONE ENERGY ZONES

16 Section 601. Establishment.

17 The Keystone Energy Zone Program is established in the
18 department to designate a special taxing district that
19 encourages development within Keystone Energy Zones for the
20 purpose of improving and encouraging research and development in
21 advanced manufacturing that benefit from proximity to natural
22 gas sources, resulting in employment growth and revitalization
23 of communities. Keystone Energy Zones will also encourage the
24 use of alternative energy methods, including, but not limited
25 to, combined heat and power and microgrids.

26 Section 602. Shared research infrastructure project.

27 Upon approval by the department, the contracting authority
28 may designate a Keystone Energy Zone in which a shared research
29 infrastructure project may be constructed and may borrow money
30 for the purpose of improvement and development within the

1 Keystone Energy Zone and construction of a shared research
2 infrastructure project within the Keystone Energy Zone.

3 Section 603. Application.

4 A public-private partnership seeking to establish a Keystone
5 Energy Zone may apply to the department for approval. All
6 applications shall be on the form required by the department and
7 include the following:

8 (1) The partnership coordinator's name and address.

9 (2) A statement that the applicant is a public-private
10 partnership and the identity of the public-private
11 partnership's members.

12 (3) The geographic boundaries of the proposed Keystone
13 Energy Zone.

14 (4) A copy of a written strategic plan adopted by the
15 public-private partnership.

16 (5) Any other information required by the department.

17 Section 604. Review and approval.

18 The department shall review the application and, if all
19 requirements under section 603 have been met, may approve the
20 application and authorize the identified area as a Keystone
21 Energy Zone.

22 Section 605. Guidelines.

23 Before a Keystone Energy Zone is approved by the department,
24 the department shall approve written guidelines for the program
25 and shall provide a copy of the guidelines to the Majority
26 Leader and Minority Leader of the Senate, the Majority Leader
27 and Minority Leader of the House of Representatives, the
28 chairperson and minority chairperson of the Appropriations
29 Committee of the Senate and the chairperson and minority
30 chairperson of the Appropriations Committee of the House of

1 Representatives.

2 Section 606. Keystone Energy Zone Fund.

3 (a) Establishment.--The Keystone Energy Zone Fund is
4 established within the State Treasury as a special fund
5 consisting of a separate account for each contracting authority
6 that designates a Keystone Energy Zone. Interest income derived
7 from investment of the money in the Keystone Energy Zone Fund
8 shall be credited by the Treasury Department to the Keystone
9 Energy Zone Fund.

10 (b) Special designation.--Following the designation of a
11 Keystone Energy Zone, the contracting authority shall, within 10
12 days after making the designation, notify the State Treasurer of
13 the designation.

14 (c) Certification.--

15 (1) Within 31 days after the end of each calendar year,
16 each qualified business shall file a report with the
17 department which complies with all of the following:

18 (i) States each State tax, calculated in accordance
19 with subsection (e), which was paid by the qualified
20 business in the prior calendar year.

21 (ii) Lists each State tax refund which complies with
22 all of the following:

23 (A) The refund is for a tax:

24 (I) specified in subsection (e); and

25 (II) certified as paid under subsection (e).

26 (B) The refund was received in the prior
27 calendar year by the qualified business.

28 (iii) Is in a form and manner required by the
29 department.

30 (2) In addition to any penalties imposed under this act

1 for failure to timely pay State taxes, the following shall
2 apply:

3 (i) (A) Failure to file a timely and complete
4 report under paragraph (1) shall result in the
5 imposition of a penalty of 10% of all State taxes
6 calculated in accordance with subsection (e) that
7 were payable by the qualified business in the prior
8 calendar year. In no case shall the penalty imposed
9 be less than \$1,000.

10 (B) When the penalty is received, the money
11 shall be transferred from the General Fund to the
12 account of the contracting authority that designated
13 the Keystone Energy Zone in which the qualified
14 business is located. Failure to file a timely and
15 complete report under paragraph (4) shall result in
16 the imposition of a penalty of 10% of all local taxes
17 calculated in accordance with subsection (e) by a
18 contracting authority which were payable by the
19 qualified business in the prior calendar year. In no
20 case shall the penalty imposed be less than \$250.

21 (ii) (A) Failure to report a qualified business
22 operating in the Keystone Energy Zone to the
23 contracting authority by an operating organization in
24 accordance with subsection (d)(2) shall result in the
25 imposition of a penalty by the contracting authority
26 upon the operating organization of 100% of the taxes
27 which would be certified under subsection (e) for
28 each qualified business which is not reported to the
29 contracting authority or \$1,000, whichever is
30 greater.

1 (B) The contracting authority may not waive or
2 abate any penalties imposed under this subparagraph.

3 (C) When the penalty is received, the money
4 shall be transferred from the General Fund to the
5 account of the contracting authority that designated
6 the Keystone Energy Zone in which the qualifying
7 business is located.

8 (iii) (A) Failure to file a timely and complete
9 report under paragraph (1) by a qualified business
10 engaged in the active conduct of a trade or business
11 during the calendar year in the Keystone Energy Zone
12 shall result in the imposition of a penalty by the
13 contracting authority upon the operating organization
14 equal to 100% of the taxes paid which would be
15 certified under subsection (e) for each qualified
16 business which fails to file a timely and complete
17 report. The penalty may not be less than \$1,000.

18 (B) If the qualified business is properly
19 included on the master list provided under subsection
20 (d), the contracting authority may waive or abate
21 penalties imposed under this subparagraph equal to
22 the total taxes paid by the qualified business which
23 are certified under this subsection. When the penalty
24 is received, the money shall be deposited in the
25 account of the contracting authority that designated
26 the Keystone Energy Zone in which the qualifying
27 business is located.

28 (3) Except as otherwise provided under paragraph (2)(ii)
29 and (iii), a penalty imposed under this subsection shall be
30 imposed, assessed and collected by the department. When the

1 penalty is received, the money shall be transferred from the
2 General Fund to the account of the contracting authority that
3 designated the Keystone Energy Zone in which the qualified
4 business is located.

5 (4) Within 31 days of the end of each calendar year,
6 each qualified business shall file a report with the local
7 taxing authority reporting all local taxes, calculated in
8 accordance with subsection (e), which were paid by the
9 qualified business in the prior calendar year. The report
10 from each qualified business shall list any local refund of
11 taxes specified in subsection (e) received in the prior
12 calendar year by the qualified business and any refunds
13 related to the local taxes as calculated in accordance with
14 subsection (e). The report shall be in a form and manner
15 required by the department.

16 (d) Master list.--The following apply:

17 (1) Except as provided under paragraph (2), within five
18 days after the end of each month, the legal business names,
19 business addresses within a Keystone Energy Zone and parcel
20 numbers of all qualified businesses engaged in the active
21 conduct of a trade or business during the previous month
22 shall be provided to the contracting authority by or on
23 behalf of the qualified business for purposes of inclusion on
24 the master list. The name, telephone number and e-mail
25 address of the person employed by the qualified business who
26 is primarily responsible for completing reports for the
27 qualified business required under subsection (c) shall also
28 be provided.

29 (2) For purposes of inclusion on the master list, within
30 five days after the end of each month during a calendar year,

1 an operating organization shall provide to the contracting
2 authority the legal business names and business addresses
3 within the Keystone Energy Zone of all qualified businesses
4 engaged in the active conduct of a trade or business in the
5 Keystone Energy Zone during the previous month along with the
6 name, telephone number and e-mail address of the individual
7 employed by the qualified business who is primarily
8 responsible for completing the reports for the qualified
9 business required under subsection (c).

10 (3) Within 10 days after the end of each calendar year,
11 the contracting authority shall provide to the department the
12 master list. The department may not certify any taxes paid
13 directly or indirectly by a qualified business as provided
14 under subsection (e) during the prior calendar year when the
15 qualified business is not included on the master list.

16 (4) A contracting authority shall impose penalties for
17 failure to comply with this section.

18 (e) Calculation.--

19 (1) Within 60 days after the end of each calendar year,
20 the department shall certify separately for each Keystone
21 Energy Zone the amounts of State taxes paid, less any State
22 tax refunds received, by the qualified businesses filing
23 reports under subsection (c)(1) to the Office of the Budget.

24 (2) Beginning in the first full calendar year following
25 the designation of a Keystone Energy Zone and in each
26 calendar year thereafter, by November 1, the department shall
27 calculate, in accordance with this subsection, amounts of
28 State taxes actually received by the Commonwealth from each
29 qualified business that filed a report under subsection (c)

30 (1) in the prior calendar year, and the department shall

1 certify the amounts received to the office.

2 (3) The department shall include reports filed five
3 months after the due date under subsection (c)(1) in the
4 November 1 certification.

5 (4) An entity collecting a local tax within a Keystone
6 Energy Zone shall, within 31 days after the end of each
7 calendar year, submit all of the local taxes that are to be
8 calculated under this subsection and which were paid in the
9 prior calendar year, less any certified local tax refunds
10 received by a qualified business in the prior calendar year,
11 to the State Treasurer to be deposited in the account under
12 subsection (g) of the contracting authority that established
13 the Keystone Energy Zone.

14 (5) This subsection shall not apply to taxes subject to
15 a valid pledge or security interest entered into in order to
16 secure debt service on bonds if the pledge or security
17 interest was entered into prior to the date of the
18 designation and is still in effect.

19 (6) An amount equal to all of the following shall be the
20 amounts calculated and certified separately for each Keystone
21 Energy Zone:

22 (i) All corporate net income tax, personal income
23 tax, business privilege tax, business privilege licensing
24 fees and earned income tax related to the ownership and
25 operation of a qualified business in a Keystone Energy
26 Zone.

27 (ii) All personal income tax, earned income tax and
28 local services tax withheld from employees by a qualified
29 business in a Keystone Energy Zone.

30 (iii) All personal income tax, earned income tax and

1 local services tax withheld from the employees of a
2 qualified business that provides events, activities or
3 services in a Keystone Energy Zone.

4 (iv) All sales and use tax related to the operation
5 of a qualified business in a Keystone Energy Zone. This
6 subparagraph shall include sales and use tax paid by
7 a qualified business that provides events, activities or
8 services in a Keystone Energy Zone.

9 (v) All personal income tax, earned income tax and
10 local services tax withheld from personnel by a
11 contractor or other entity involved in the construction
12 of the shared research infrastructure project.

13 (vi) All personal income tax, earned income tax and
14 local services tax withheld from personnel by a qualified
15 business involved in the improvement, development or
16 construction of a Keystone Energy Zone.

17 (vii) All sales and use tax paid on materials and
18 other construction costs, whether withheld or paid by any
19 entity, directly related to the improvement, development
20 or construction of the shared research infrastructure
21 project.

22 (viii) The amount paid by a qualified business
23 within a Keystone Energy Zone of any new tax enacted by
24 the Commonwealth following the date of designation.

25 (ix) All personal income tax, earned income tax and
26 local services tax withheld from personnel by a qualified
27 business involved in the improvement, development or
28 construction of the shared research infrastructure
29 project.

30 (x) Except for a tax levied against real property

1 and notwithstanding any other law, an amount equal to a
2 tax imposed by the Commonwealth or any of its political
3 subdivisions on a qualified business engaged in an
4 activity within a Keystone Energy Zone or directly or
5 indirectly on any sale or purchase of goods or services,
6 where the point of sale or purchase is within a Keystone
7 Energy Zone.

8 (f) State tax liability apportionment.--For the purpose of
9 making the calculations under subsection (e), the State tax
10 liability of a qualified business shall be apportioned to a
11 Keystone Energy Zone by multiplying the State tax liability by a
12 fraction, the numerator of which is the property factor plus the
13 payroll factor plus the sales factor and the denominator of
14 which is three, in accordance with the following:

15 (1) The property factor is a fraction, the numerator of
16 which is the average value of the taxpayer's real and
17 tangible personal property owned or rented and used in a
18 Keystone Energy Zone during the tax period and the
19 denominator of which is the average value of all the
20 taxpayer's real and tangible personal property owned or
21 rented and used in this Commonwealth during the tax period,
22 but shall not include the security interest of any
23 corporation as seller or lessor in personal property sold or
24 leased under a conditional sale, bailment lease, chattel
25 mortgage or other contract providing for the retention of a
26 lien or title as security for the sale price of the property.

27 (2) The following apply:

28 (i) The payroll factor is a fraction, the numerator
29 of which is the total amount paid in a Keystone Energy
30 Zone during the tax period by the taxpayer for

1 compensation and the denominator of which is the total
2 compensation paid in this Commonwealth during the tax
3 period.

4 (ii) Compensation is paid in a Keystone Energy Zone
5 if:

6 (A) the person's service is performed entirely
7 within a Keystone Energy Zone;

8 (B) the person's service is performed both
9 within and outside a Keystone Energy Zone, but the
10 service performed outside a Keystone Energy Zone is
11 incidental to the person's service within a Keystone
12 Energy Zone; or

13 (C) some of the service is performed in a
14 Keystone Energy Zone and the base of operations or,
15 if there is no base of operations, the place from
16 which the service is directed or controlled is in a
17 Keystone Energy Zone, or the base of operations or
18 the place from which the service is directed or
19 controlled is not in a location in which some part of
20 the service is performed, but the person's residence
21 is in a Keystone Energy Zone.

22 (3) The sales factor is a fraction, the numerator of
23 which is the total sales of the taxpayer in a Keystone Energy
24 Zone during the tax period and the denominator of which is
25 the total sales of the taxpayer in this Commonwealth during
26 the tax period. The following apply:

27 (i) Sales of tangible personal property are in a
28 Keystone Energy Zone if the property is delivered or
29 shipped to a purchaser that takes possession within a
30 Keystone Energy Zone regardless of the free on board

1 shipping point or other conditions of the sale.

2 (ii) Sales other than sales of tangible personal
3 property are in a Keystone Energy Zone if:

4 (A) the income-producing activity is performed
5 in a Keystone Energy Zone; or

6 (B) the income-producing activity is performed
7 both within and outside a Keystone Energy Zone and a
8 greater proportion of the income-producing activity
9 is performed in a Keystone Energy Zone than in any
10 other location, based on costs of performance.

11 (g) Transfers.--

12 (1) Notwithstanding any other law, within 10 days of
13 receiving certification under subsection (c), the Secretary
14 of the Budget shall direct the State Treasurer to transfer
15 the amounts certified under subsection (e) for each Keystone
16 Energy Zone from the General Fund to the account of the
17 contracting authority that designated the Keystone Energy
18 Zone. Beginning in the second calendar year following the
19 designation of a Keystone Energy Zone and in each year
20 thereafter, the amounts certified by the secretary to the
21 State Treasurer and the amounts transferred by the State
22 Treasurer to the account of each contracting authority shall
23 be determined as follows:

24 (i) Add amounts certified by the department under
25 subsection (e) for the prior calendar year.

26 (ii) Subtract from the sum under subparagraph (i)
27 any State tax refunds paid as certified by the department
28 under subsection (e).

29 (iii) Add to the difference under subparagraph (ii)
30 any amounts certified under subsection (e) with respect

1 to the second prior calendar year.

2 (iv) Subtract from the sum under subparagraph (iii)
3 any amounts certified under subsection (e) which are less
4 than the amounts previously certified under subsection
5 (e) with respect to the second prior calendar year.

6 (2) The State Treasurer shall provide an annual transfer
7 to the contracting authority until the bonds issued to
8 finance and refinance the improvement and development of a
9 Keystone Energy Zone and the construction of a shared
10 research infrastructure project are retired. Each annual
11 transfer to the contracting authority shall be equal to the
12 balance of the account of the contracting authority on the
13 date of the transfer under paragraph (1).

14 (h) Restriction on use of money.--Money transferred under
15 subsection (g) is subject to the following:

16 (1) The money may only be utilized as follows:

17 (i) For payment of debt service, directly or
18 indirectly through a multitiered ownership structure or
19 other structure authorized by a contracting authority to
20 facilitate financing mechanisms, on bonds or on
21 refinancing loans used to repay bonds issued to finance
22 or refinance:

23 (A) The improvement and development of all or
24 any part of a Keystone Energy Zone.

25 (B) The construction of all or part of a shared
26 research infrastructure project.

27 (ii) For payment of debt service on bonds issued to
28 refund those bonds.

29 (iii) For replenishment of amounts required in any
30 debt service reserve money established to pay debt

1 service on bonds.

2 (2) The term of a bond to be refunded shall not exceed
3 the maximum term permitted for the original bond issued for
4 the improvement or development of a Keystone Energy Zone and
5 the construction of a shared research infrastructure project.

6 (3) The money may not be utilized for purposes of
7 renovating or repairing a shared research infrastructure
8 project, except for capital maintenance and improvement
9 projects.

10 (i) Excess money.--Within 30 days after the end of each
11 calendar year, any money remaining in the account of each
12 contracting authority at the end of the prior calendar year
13 after the required payments under subsection (e) (2) were made in
14 the prior calendar year shall be refunded in the following
15 manner:

16 (1) Money shall first be returned to the General Fund to
17 the extent that the excess money is part of the transfer
18 under subsection (g) (1).

19 (2) Money shall next be paid to the contracting
20 authority to the extent that the amounts paid under
21 subsection (g) (2) consisted of local taxes. The contracting
22 authority shall return the money to the appropriate entities
23 collecting local tax who submitted the local taxes to the
24 State Treasurer under subsection (e).

25 (j) Audit.--

26 (1) The contracting authority shall hire an independent
27 auditing firm to perform an annual audit verifying all of the
28 following:

29 (i) The correct amount of the eligible local tax was
30 submitted to the local taxing authorities.

1 (ii) The local taxing authorities transferred the
2 correct amount of eligible local tax to the State
3 Treasurer.

4 (iii) The money transferred to the account was
5 properly expended.

6 (iv) The correct amount of excess money was refunded
7 in accordance with the provisions of subsection (i).

8 (2) A copy of the annual audit shall be sent to the
9 department and the Secretary of the Budget.

10 (3) For purposes of this subsection, an auditing firm
11 will not be considered independent if it provides services to
12 an operating organization or any qualified business within a
13 Keystone Energy Zone which is a party to a separate agreement
14 with a contracting authority for the allocation of money from
15 the contracting authority.

16 Section 607. Tax prohibition.

17 A division of local government may not assess real estate
18 taxes on a property in a Keystone Energy Zone owned by a
19 contracting authority.

20 Section 608. Property assessment.

21 Notwithstanding 53 Pa.C.S. Ch. 88 (relating to consolidated
22 county assessment), for purposes of determining the assessed
23 value of property located in a Keystone Energy Zone, the actual
24 fair market value of the property shall be established without
25 utilizing or considering the cost approach to valuation, and
26 money received by the contracting authority and utilized
27 directly or indirectly in connection with the property shall not
28 be considered real property or income attributable to the
29 property.

30 Section 609. Duration.

1 A Keystone Energy Zone shall be in effect for a period equal
2 to one year following retirement of all bonds issued to finance
3 or refinance the improvement and development of a Keystone
4 Energy Zone or the construction of a shared research
5 infrastructure project. The maximum term of the bond, including
6 the refunding of the bond, shall not exceed 30 years.
7 Section 610. Commonwealth pledge.

8 (a) General rule.--If a contracting authority pledges
9 amounts required to be transferred to the account of the
10 contracting authority for the payment of bonds issued by the
11 contracting authority, until all bonds secured by the pledge of
12 the contracting authority, together with the interest on the
13 bonds, are fully paid or provided for, the Commonwealth pledges
14 to and agrees with a person, firm, corporation or government
15 agency, whether in this Commonwealth or elsewhere, and with a
16 Federal agency subscribing to or acquiring the bonds issued by
17 the contracting authority that the Commonwealth itself will not,
18 nor will the contracting authority authorize a government entity
19 to do any of the following:

20 (1) abolish or reduce the size of a Keystone Energy
21 Zone;

22 (2) amend or repeal this chapter;

23 (3) limit or alter the rights vested in the contracting
24 authority in a manner inconsistent with the obligations of
25 the contracting authority with respect to the bonds issued by
26 the contracting authority; or

27 (4) otherwise impair revenues to be paid under this
28 chapter to the contracting authority necessary to pay debt
29 service on bonds.

30 (b) Authority.--Nothing in this section shall limit the

1 authority of the Commonwealth or any government entity to change
2 the rate, tax bases or subject of a specific tax or repeal or
3 enact a tax.

4 Section 611. Confidentiality.

5 Notwithstanding any law providing for the confidentiality of
6 tax records, the contracting authority and the local taxing
7 authorities shall have access to reports and certifications
8 filed under this act, and the contracting authority shall have
9 access to State and local tax information filed by a qualified
10 business in a Keystone Energy Zone solely for the purpose of
11 documenting the certifications required by this act. Any other
12 use of the tax information shall be prohibited as provided under
13 law.

14 Section 612. Limitations.

15 After the effective date of this section, none of the
16 following may be employed by, be contracting with or provide
17 services for a contracting authority:

18 (1) An individual employed by, contracting with or
19 providing service for a county or other political subdivision
20 that has a Keystone Energy Zone.

21 (2) An entity contracting with or providing services for
22 a county or other political subdivision that has a Keystone
23 Energy Zone.

24 (3) An individual owning an entity or an entity with
25 ownership interest in a separate entity which is contracting
26 with a county or other political subdivision that has a
27 Keystone Energy Zone.

28 (4) An individual or entity employed by, contracting
29 with or providing services for a qualified business within a
30 Keystone Energy Zone which is party to a separate agreement

1 with a contracting authority for the allocation of money from
2 the contracting authority.

3 (5) An individual or entity employed by, contracting
4 with or providing services for an operating organization.

5 (6) A current board member of a contracting authority.

6 (7) An entity which is owned by or employs a current
7 board member of a contracting authority.

8 CHAPTER 7

9 REPORTING REQUIREMENTS AND PUBLIC ACCESS

10 Section 701. Reporting requirements.

11 Grantees shall be required to provide annually a detailed
12 accounting of the use of money for projects under this act to
13 the department no later than January 30 of each year.

14 Section 702. Public access to records.

15 (a) General rule.--

16 (1) Grantees, as State-related institutions, are subject
17 only to reporting provisions of the act of February 14, 2008
18 (P.L.6, No.3), known as the Right-to-Know Law. State-related
19 institutions are otherwise exempted from the provisions and
20 requirements of the release of records.

21 (2) Nothing in this act shall supersede the exemption,
22 nor require a State-related university to provide additional
23 information related to this act beyond the scope of the
24 State-related university's current responsibilities under
25 Chapter 15 of the Right-to-Know Law.

26 (3) Nothing in this act shall preclude the department
27 from releasing records deemed to be in the public interest.

28 (b) Public records.--Any other record identified as a public
29 record within the Right-to-Know Law in possession or
30 constructive possession of the department or a Commonwealth

1 agency, including contracts, grants, awards and other public
2 records, shall be considered public record in accordance with
3 the Right-to-Know Law.

4 (c) Federal law supersedes.--If the provisions of this act
5 related to public access conflict with a Federal or State law
6 prohibiting access to records, the provisions of this act shall
7 not apply with regard to access.

8 Section 703. Effective date.

9 This act shall take effect immediately.