

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2328 Session of 1998

INTRODUCED BY GLADECK, REINARD, GRUITZA, PERZEL, FICHTER, THOMAS, HENNESSEY, BISHOP, McILHINNEY, YOUNGBLOOD, DEMPSEY, PRESTON, FEESE, KREBS, L. I. COHEN, MCGILL, RUBLEY, BARD, PETRONE, GRUPPO, BARLEY, STAIRS, J. TAYLOR, LEH, ROHRER, C. WILLIAMS, KIRKLAND, MANDERINO, HASAY, LEDERER, KELLER, DONATUCCI, D. W. SNYDER, MARSICO, MASLAND, SAYLOR, BIRMELIN, LYNCH, GEIST, TULLI, ROSS, MAJOR, FAIRCHILD, GODSHALL, SERAFINI, CIVERA, HUTCHINSON, STEIL, PIPPY, HERMAN, STEVENSON, CLARK, SCHULER, BAKER, ORIE, NAILOR, S. H. SMITH, MILLER, SATHER, VANCE, E. Z. TAYLOR, EGOLF, DRUCE, DIGIROLAMO, ZUG, SEYFERT, HESS, BROWNE, DENT, TRELLO, READSHAW, COWELL, PESCI, CORNELL AND HABAY, MARCH 12, 1998

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES, MAY 4, 1998

AN ACT

1 Providing for the creation of keystone opportunity zones to
2 foster economic opportunities in this Commonwealth, to
3 facilitate economic development, stimulate industrial,
4 commercial and residential improvements and prevent physical
5 and infrastructure deterioration of geographic areas within
6 this Commonwealth; authorizing expenditures; providing tax
7 exemptions, tax deductions, tax abatements and tax credits;
8 creating additional obligations of the Commonwealth and local
9 governmental units; prescribing powers and duties of certain
10 State and local departments, agencies and officials;
11 PROVIDING FOR ECONOMIC DEVELOPMENT ZONES AND GRANTS;
12 ESTABLISHING THE ECONOMIC DEVELOPMENT ZONE ASSISTANCE FUND;
13 and making appropriations.

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TABLE OF CONTENTS

- 14 Chapter 1. Preliminary Provisions
15 Section 101. Short title.
16 Section 102. Legislative findings.
17 Section 103. Definitions.

1 Chapter 3. Keystone Opportunity Zones
2 Section 301. Keystone opportunity zones.
3 Section 302. Application.
4 Section 303. Review.
5 Section 304. Criteria for designation of keystone opportunity
6 zone.
7 Section 305. Zone limitation.
8 Section 306. Residency.
9 Section 307. Qualified businesses.
10 Section 308. Forms.
11 SECTION 309. REDUCTION OF EXEMPTIONS, DEDUCTIONS, ←
12 ABATEMENTS OR CREDITS.
13 Chapter 5. State Taxes
14 Subchapter A. General Provisions
15 Section 501. State taxes.
16 Subchapter B. Particular State Taxes
17 Section 511. Sales and use tax.
18 Section 512. Personal income tax.
19 Section 513. Residency considerations.
20 Section 514. Information for employer.
21 Section 515. Corporate net income tax.
22 Section 516. Capital stock franchise tax.
23 Chapter 7. Local Taxes
24 Section 701. Local taxes.
25 Section 702. Real property tax.
26 Section 703. Local earned income and net profits taxes;
27 business privilege taxes.
28 Section 704. Mercantile license tax.
29 Section 705. Local sales and use tax.
30 Chapter 9. Administration of Tax Provisions

1 Section 901. Transferability.
2 Section 902. Recapture.
3 Section 903. Delinquent or deficient State or local taxes.
4 Section 904. Code compliance.
5 Section 905. Appeals.
6 Chapter 11. Procedures for Zones
7 Section 1101. Community benefits.
8 Section 1102. Reporting.
9 Section 1103. Other Commonwealth tax credits.

10 ~~Section 1104. Illegal activity.~~ <—

11 ~~Section 1105. Rules and regulations.~~

12 ~~Section 1106. Compliance.~~

13 ~~Section 1107. Penalties.~~

14 ~~Section 1108. Construction.~~

15 ~~Section 1109. Applicability.~~

16 ~~Section 1110. Severability.~~

17 ~~Section 1111. Repeals.~~

18 ~~Section 1112. Expiration.~~

19 ~~Section 1113. Effective date.~~

20 CHAPTER 13. ECONOMIC DEVELOPMENT ZONES <—

21 SECTION 1301. SHORT TITLE OF CHAPTER.

22 SECTION 1302. LEGISLATIVE FINDINGS.

23 SECTION 1303. DEFINITIONS.

24 SECTION 1304. POWERS AND DUTIES.

25 SECTION 1305. STUDY ON FISCAL IMPACT OF DEVELOPMENT ZONES;
26 CONTENTS; RECOMMENDATIONS; SUBMISSION TO GOVERNOR
27 AND GENERAL ASSEMBLY; FUNDING FOR COST OF STUDY.

28 SECTION 1306. ECONOMIC DEVELOPMENT ZONES; DESIGNATION;
29 DURATION.

30 SECTION 1307. ZONE DEVELOPMENT CORPORATION.

1 SECTION 1308. PRELIMINARY ZONE DEVELOPMENT PLAN.
2 SECTION 1309. ELIGIBILITY FOR DESIGNATION.
3 SECTION 1310. PRIORITY DEVELOPMENT ZONES.
4 SECTION 1311. DESIGNATION OF ELIGIBLE AREAS AS DEVELOPMENT
5 ZONES.
6 SECTION 1312. APPLICATION FOR DESIGNATION; GRANT OR DENIAL;
7 ADOPTION OF ORDINANCE OF ACCEPTANCE.
8 SECTION 1313. BENEFITS AVAILABLE TO QUALIFIED BUSINESS.
9 SECTION 1314. AWARD; ELIGIBILITY OF QUALIFIED BUSINESS;
10 SCHEDULE.
11 SECTION 1315. BUSINESS TAX EXEMPTION.
12 SECTION 1316. DEVELOPMENT ZONE EMPLOYEE OR INVESTMENT TAX
13 CREDITS; LIMITATIONS AND CARRYOVERS.
14 SECTION 1317. DEVELOPMENT ZONE EMPLOYEE TAX CREDIT;
15 QUALIFICATIONS; AMOUNT.
16 SECTION 1318. SALES AND USE TAX.
17 SECTION 1319. PARTIAL EXEMPTION; CERTIFICATION; DISPOSITION OF
18 REVENUE.
19 SECTION 1320. REGULATIONS.
20 SECTION 1321. STATE FINANCING ASSISTANCE; PRIORITY TO PROJECT
21 IN MUNICIPALITY WITH DEVELOPMENT ZONE.
22 SECTION 1322. SKILL TRAINING PROGRAMS; DELIVERY.
23 SECTION 1323. REGULATIONS; EXEMPTION OF DEVELOPMENT ZONES.
24 SECTION 1324. REVIEW OF STATE REGULATIONS BY DEPARTMENT.
25 SECTION 1325. ELIGIBILITY FOR INCENTIVES BY QUALIFIED BUSINESS.
26 SECTION 1326. QUALIFIED BUSINESS RECIPIENT OF BENEFITS; ANNUAL
27 CERTIFICATION.
28 SECTION 1327. FUND.
29 SECTION 1328. CONSTITUTIONALITY.
30 CHAPTER 21. MISCELLANEOUS PROVISIONS

1 SECTION 2101. ILLEGAL ACTIVITY.
2 SECTION 2102. RULES AND REGULATIONS.
3 SECTION 2103. COMPLIANCE.
4 SECTION 2104. PENALTIES.
5 SECTION 2105. CONSTRUCTION.
6 SECTION 2106. APPLICABILITY.
7 SECTION 2107. SEVERABILITY.
8 SECTION 2108. REPEALS.
9 SECTION 2109. EXPIRATION.
10 SECTION 2110. EFFECTIVE DATE.

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

13 CHAPTER 1

14 PRELIMINARY PROVISIONS

15 Section 101. Short title.

16 This act shall be known and may be cited as the Pennsylvania
17 Keystone Opportunity Zone Act.

18 Section 102. Legislative findings.

19 (1) There exists in this Commonwealth areas of economic
20 distress characterized by high unemployment, low investment
21 of new capital, inadequate dwelling conditions, blighted
22 conditions, underutilized, obsolete or abandoned industrial,
23 commercial and residential structures and deteriorating tax
24 bases.

25 (2) These areas require coordinated efforts by private
26 and public entities to restore prosperity and enable the
27 areas to make significant contributions to the economic and
28 social life of this Commonwealth.

29 (3) Long-term economic viability of these areas requires
30 the cooperative involvement of residents, businesses, State

1 and local elected officials and community organizations. It
2 is in the best interest of the Commonwealth to assist and
3 encourage the creation of keystone opportunity zones and to
4 provide temporary relief from certain taxes within the
5 keystone opportunity zones to accomplish the purposes of this
6 act.

7 Section 103. Definitions.

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

11 "Business." An association, partnership, corporation, sole
12 proprietorship, limited liability corporation or employer.

13 "Department." The Department of Community and Economic
14 Development of the Commonwealth.

15 "Deteriorated property." Any blighted, impoverished area
16 containing residential, industrial, commercial or other real
17 property that is abandoned, unsafe, vacant, undervalued,
18 underutilized, overgrown, defective, condemned, demolished or
19 which contains economically undesirable land use. The term
20 includes property adjacent to deteriorated property that is
21 significantly undervalued and underutilized due to the proximity
22 of the deteriorated property.

23 "Domicile." The place where a person has a true and fixed
24 home and principal establishment for an indefinite time and to
25 which, whenever absent, that person intends to return. Domicile
26 continues until another place of domicile is established.

27 "Keystone opportunity zone." A defined geographic area
28 comprised of one or more political subdivisions or portions of
29 political subdivisions designated by the Department of Community
30 and Economic Development under Chapter 3. A keystone opportunity

1 zone may be comprised of not more than 12 subzones.

2 "Opportunity plan." A written plan that addresses the
3 criteria and meets the requirements in section 302(a).

4 "Person." Any natural person.

5 "Political subdivision." A county, city, borough, township,
6 town or school district with taxing jurisdiction in a defined
7 geographic area within this Commonwealth.

8 "Qualified business." Any business authorized to do business
9 in this Commonwealth that is located within a keystone
10 opportunity zone and is engaged in the active conduct of a trade
11 or business in accordance with the requirements of section 307.

12 "Qualified political subdivision." A political subdivision
13 that has been designated as a keystone opportunity zone.

14 "Resident." A person who is domiciled and resides in an area
15 that is designated a keystone opportunity zone who meets the
16 requirements of section 306.

17 "Subzone." A clearly defined geographic area containing a
18 minimum of 20 contiguous acres.

19 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,
20 No.2), known as the Tax Reform Code of 1971, and any subsequent
21 amendments thereto.

22 CHAPTER 3

23 KEYSTONE OPPORTUNITY ZONES

24 Section 301. Keystone opportunity zones.

25 (a) Establishment.--There is hereby established within the
26 department a program providing for the designation of portions
27 of this Commonwealth as keystone opportunity zones. A keystone
28 opportunity zone shall be comprised of deteriorated property and
29 shall not exceed a total of 5,000 acres.

30 (b) Designation.--The department shall designate not more

1 than 12 keystone opportunity zones in this Commonwealth. Persons
2 and businesses within the designated keystone opportunity zone
3 that are qualified under this act shall be entitled to all tax
4 exemptions, deductions, abatements and credits set forth in this
5 act for a period not to exceed 12 years beginning January 1,
6 1999, and ending on or before December 31, 2010.

7 (c) Subzones.--A keystone opportunity zone may be comprised
8 of up to 12 clearly defined subzones containing a minimum of 20
9 contiguous acres each. The subzones may or may not be contiguous
10 to each other. The total number of subzones shall not exceed
11 5,000 acres in the aggregate.

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

27 Section 302. Application.

28 (a) Initial application.--One or more political
29 subdivisions, or a designee of one or more political
30 subdivisions, may apply to the department to designate a

1 keystone opportunity zone within the political subdivision or
2 portions thereof. The application shall contain the following:

3 (1) The geographic area of the proposed keystone
4 opportunity zone. The geographic area shall be located within
5 the boundaries of the political subdivision and shall not
6 contain more than 5,000 acres.

7 (2) An opportunity plan that shall include the
8 following:

9 (i) A detailed map of the proposed keystone
10 opportunity zone, including all subzones, to include
11 geographic boundaries, total area and present use and
12 conditions of the land and structures.

13 (ii) Evidence of support from and participation of
14 local government, school districts and other educational
15 institutions, business groups, community organizations
16 and the public.

17 (iii) A proposal to increase economic opportunity,
18 reduce crime, improve education, facilitate
19 infrastructure improvement, reduce the local regulating
20 burden and identify potential jobs and job training
21 opportunities, whether or not the zone is located in an
22 area which has tax revenue dedicated to the payment of
23 debt.

24 (iv) A description of the current social, economic
25 and demographic characteristics of the proposed keystone
26 opportunity zone and anticipated improvements in
27 education, health, human services, public safety and
28 employment.

29 (v) A description of anticipated activity in the
30 keystone opportunity zone and each subzone, including,

1 but not limited to, industrial use, industrial site re-
2 use, commercial or retail use and residential use.

3 (vi) Evidence of potential private and public
4 investment in the keystone opportunity zone.

5 (vii) The role of the proposed keystone opportunity
6 zone in regional economic and community development.

7 (viii) Plans for the administration of the proposed
8 keystone opportunity zone utilizing existing resources.

9 (ix) Any other information deemed appropriate by the
10 department.

11 (3) A report on youth at risk to include issues relating
12 to health, welfare and education.

13 (4) The proposed duration of the keystone opportunity
14 zone and all subzones, not to exceed 12 years.

15 (5) A formal, binding ordinance or resolution passed by
16 every political subdivision in which the proposed keystone
17 opportunity zone is located that specifically provides for
18 all local tax exemptions, deductions, abatements or credits
19 for persons and businesses set forth in this act if
20 designation is received by the department, to be effective
21 January 1, 1999.

22 (6) Evidence that the keystone opportunity zone meets
23 the required criteria under section 304.

24 (b) Participation limitation.--A qualified political
25 subdivision shall not be a part of more than one keystone
26 opportunity zone.

27 (c) Application limitation.--A qualified political
28 subdivision may submit only one application to the department
29 for designation as a keystone opportunity zone.

30 Section 303. Review.

1 (a) Action of department.--The department in consultation
2 with the Department of Revenue shall review all completed
3 applications submitted under this act. An application for
4 designation as a keystone opportunity zone shall be received by
5 the department on or before September 30, 1998, in order to be
6 considered by the department.

7 (b) Process.--The department shall do all of the following:

8 (1) Designate up to 12 keystone opportunity zones from
9 applications meeting the criteria in section 304 based upon
10 need and likelihood of success.

11 (2) The department shall not alter the geographic
12 boundaries of the keystone opportunity zone or the duration
13 of the keystone opportunity zone described in the
14 application.

15 (c) Award of designations.--The department shall designate
16 all keystone opportunity zones by November 30, 1998.

17 (d) Effective date of designation.--The designation of a
18 keystone opportunity zone under this act shall take effect on
19 January 1, 1999.

20 (e) Extension.--The department may extend the deadline for
21 the receipt of applications under subsection (a) until December
22 31, 1998, if all 12 zones have not been designated and the
23 extension is necessary to allow eligible political subdivisions
24 to apply. The department shall designate additional keystone
25 opportunity zones under this subsection by February 28, 1999.
26 The designation shall take effect January 1, 1999, or if the
27 designation occurs after January 1, 1999, that subsequent
28 designation shall for all purposes be retroactive to January 1,
29 1999. The designation shall end as provided in section 301(b).
30 Section 304. Criteria for designation of keystone opportunity

1 zone.

2 (a) Specific criteria.--In order to qualify for designation
3 under this act, the proposed keystone opportunity zone shall
4 meet at least two of the following criteria:

5 (1) At least 20% of the population is below the poverty
6 level.

7 (2) The unemployment rate is 1.25 times the Statewide
8 average.

9 (3) At least 20% of all real property within a five-mile
10 radius of the proposed keystone opportunity zone or subzone
11 in a nonurban area is deteriorated or underutilized.

12 (4) At least 20% of all real property within a one-mile
13 radius of the proposed keystone opportunity zone or subzone
14 in an urban area is deteriorated or underutilized.

15 (5) At least 20% of all occupied housing within a two-
16 mile radius of the proposed keystone opportunity zone or
17 subzone in a nonurban area is deteriorated.

18 (6) At least 20% of all occupied housing within a one-
19 mile radius of the proposed keystone opportunity zone or
20 subzone in an urban area is deteriorated.

21 (7) In an urban area, the median family income is 80% or
22 less of the Statewide urban median family income.

23 (8) In an area other than an urban area, the median
24 family income is 80% or less of the Statewide nonurban median
25 family income.

26 (9) The population loss exceeds 10% in an area that
27 includes the proposed keystone opportunity zone and its
28 surrounding area, but is not larger than the county or
29 counties in which the keystone opportunity zone is located,
30 based on census data for the period between 1980 and 1990 or

1 census estimates since 1990 establishing a pattern of
2 population loss.

3 (10) The political subdivision in which the proposed
4 keystone opportunity zone is located has experienced a sudden
5 and/or severe job loss.

6 (11) At least 33% of the real property in a proposed
7 keystone opportunity zone in a nonurban area would otherwise
8 remain underdeveloped or nonperforming due to physical
9 characteristics of the real property.

10 (12) The area has substantial real property with
11 adequate infrastructure and energy to support new or expanded
12 development.

13 (13) BE IN AN AREA DESIGNATED AS AN ENTERPRISE ZONE BY <—
14 THE DEPARTMENT UNDER THE ACT OF JULY 9, 1986 (P.L.1216,
15 NO.108), KNOWN AS THE ENTERPRISE ZONE MUNICIPAL TAX EXEMPTION
16 REIMBURSEMENT ACT.

17 (b) Additional criteria.--In addition to the required
18 criteria under subsection (a), the department shall consider the
19 following criteria:

20 (1) Evidence of distress, including, but not limited to,
21 unemployment, percentage of population below 80% of the State
22 median income, poverty rate, deteriorated property and
23 adverse economic and socioeconomic conditions in the proposed
24 keystone opportunity zone.

25 (2) The strength and viability of the proposed goals,
26 objectives and strategies in the opportunity plan.

27 (3) Whether the opportunity plan is creative and
28 innovative in comparison to other applications.

29 (4) Local public and private commitment to the
30 development of the keystone opportunity zone and the

1 potential cooperation of surrounding communities.

2 (5) Existing resources available to the proposed
3 keystone opportunity zone.

4 (6) How keystone opportunity zone designation or
5 economic redevelopment relate to other current economic and
6 community development projects and to regional initiatives or
7 programs.

8 (7) How the local regulatory burden will be eased for
9 businesses operating in the proposed keystone opportunity
10 zone.

11 (8) Proposals to implement educational opportunities and
12 improvements.

13 (9) Crime statistics and proposals to implement local
14 crime reduction measures.

15 (10) Proposals to establish and link job creation and
16 job training.

17 (c) Tax exemption ordinances.--An area shall not be
18 designated as a keystone opportunity zone unless, as a part of
19 the application, each political subdivision in which the
20 proposed keystone opportunity zone is to be located adopts and
21 provides a copy of an ordinance, resolution or other required
22 action from the governing body of each political subdivision
23 that exempts or provides deductions, abatements or credits to
24 qualified persons and qualified businesses from local taxes upon
25 designation of the area as a keystone opportunity zone. All
26 appropriate ordinances and resolutions shall be effective on or
27 before January 1, 1999, if designation as a keystone opportunity
28 is granted. The resolution, ordinance or other required action
29 shall be binding and nonrevocable on the qualified political
30 subdivisions for the duration of the opportunity plan.

1 (d) Urban areas.--The department shall promulgate guidelines
2 which include the definition of "urban area" for the purposes of
3 receiving applications for designation as a keystone opportunity
4 zone.

5 Section 305. Zone limitation.

6 The department shall not designate more than 12 keystone
7 opportunity zones within this Commonwealth.

8 Section 306. Residency.

9 In order to qualify each year for a tax exemption, deduction,
10 abatement or credit under this act, a person shall be domiciled
11 and shall reside in the keystone opportunity zone for a period
12 of ~~183 consecutive days. The 183-day~~ ONE YEAR. THE ONE-YEAR <—
13 period may begin on the date of designation by the department or
14 on the date the person first resides within the zone. RESIDENCY <—
15 REQUIREMENTS MUST BE MET FOR EACH YEAR THAT THE KEYSTONE
16 OPPORTUNITY ZONE IS IN EXISTENCE.

17 Section 307. Qualified businesses.

18 (a) Qualifications.--In order to qualify each year for a tax
19 exemption, deduction, abatement or credit under this act, a
20 business shall own or lease real property in the keystone
21 opportunity zone from which the business actively conducts a
22 trade, profession or business. The qualified business shall
23 receive certification from the department that the business is
24 located, and is in the active conduct of a trade, profession or
25 business, within the keystone opportunity zone. The business
26 shall obtain annual renewal of the certification from the
27 department to continue to qualify under this section.

28 (b) Relocation.--Any business that relocates from outside a
29 keystone opportunity zone into a keystone opportunity zone shall
30 not receive any of the exemptions, deductions, abatements or

1 credits set forth in this act unless that business either:

2 (1) increases full-time employment by at least 20% in
3 the first full year of operation within the keystone
4 opportunity zone; or

5 (2) makes a capital investment equivalent to 10% of the
6 gross revenues of that business in the immediately preceding
7 calendar or fiscal year.

8 The department, in consultation with the Department of Revenue,
9 may waive or modify the requirements of this subsection, as
10 appropriate.

11 Section 308. Forms.

12 (A) APPLICATION FORMS.--Applications for designation as a <—
13 keystone opportunity zone shall be on forms prescribed by the
14 department.

15 (B) DEPARTMENT ASSISTANCE.--THE DEPARTMENT SHALL ASSIST <—
16 POLITICAL SUBDIVISIONS IN USING THE INTERNET AS A TOOL FOR
17 ENCOURAGING NEW BUSINESS, INCLUDING ASSISTING POLITICAL
18 SUBDIVISIONS IN MAKING AVAILABLE VIA THE INTERNET INFORMATION,
19 APPLICATIONS AND OTHER FORMS NECESSARY UNDER THIS ACT.

20 SECTION 309. REDUCTION OF EXEMPTIONS, DEDUCTIONS, ABATEMENTS OR
21 CREDITS.

22 DURING THE LAST THREE YEARS THAT THE TAXPAYER IS ELIGIBLE FOR
23 AN EXEMPTION, DEDUCTION, ABATEMENT OR CREDIT, THE EXEMPTION,
24 DEDUCTION, ABATEMENT OR CREDIT SHALL BE REDUCED BY THE FOLLOWING
25 PERCENTAGES:

26 (1) FOR THE TAX YEAR THAT IS TWO YEARS BEFORE THE FINAL
27 YEAR OF DESIGNATION AS A KEYSTONE OPPORTUNITY ZONE, THE
28 PERCENTAGE SHALL BE 25%.

29 (2) FOR THE TAX YEAR IMMEDIATELY PRECEDING THE FINAL
30 YEAR OF DESIGNATION AS A KEYSTONE OPPORTUNITY ZONE, THE

1 PERCENTAGE SHALL BE 50%.

2 (3) FOR THE TAX YEAR THAT IS THE FINAL YEAR OF
3 DESIGNATION AS A KEYSTONE OPPORTUNITY ZONE, THE PERCENTAGE
4 SHALL BE 75%.

5 CHAPTER 5
6 STATE TAXES
7 SUBCHAPTER A
8 GENERAL PROVISIONS

9 Section 501. State taxes.

10 (a) General rule.--A person who is a resident of a keystone
11 opportunity zone, a qualified business or a nonresident under
12 section 514 shall receive the exemptions, deductions, abatements
13 or credits as provided in this chapter and Chapter 7 for the
14 duration of the keystone opportunity zone designation.
15 Exemptions, deductions, abatements or credits shall expire on
16 the date of expiration of the keystone opportunity zone
17 designation.

18 (b) Construction.--The Department of Revenue shall
19 administer, construe and enforce the provisions of this chapter
20 in conjunction with Articles II, III, IV and VI of the Tax
21 Reform Code of 1971.

22 SUBCHAPTER B
23 PARTICULAR STATE TAXES

24 Section 511. Sales and use tax.

25 (a) Exemption.--Sales at retail of services or tangible
26 personal property, other than motor vehicles, to a qualified
27 business for the exclusive use, consumption and utilization of
28 the tangible personal property or service by the qualified
29 business at its facility located within a keystone opportunity
30 zone are exempt from the sales and use tax imposed under Article

1 II of the Tax Reform Code of 1971.

2 (b) Limitation.--Sales at retail or use of tangible personal
3 property or services to the tangible personal property that will
4 become a permanent part of real property in accordance with
5 Department of Revenue regulations shall not be eligible for
6 sales or use tax exemption under this section.

7 Section 512. Personal income tax.

8 (a) General rule.--For the 1999 taxable year and each tax
9 year after 1999 and to the extent and for the duration provided
10 in this act a person shall be allowed an exemption for:

11 (1) Compensation received during the time period when
12 the person was a resident of a keystone opportunity zone.

13 (2) Net income from the operation of a qualified
14 business received by a resident or nonresident of a keystone
15 opportunity zone attributable to business activity conducted
16 within a keystone opportunity zone after provision for all
17 costs and expenses incurred in the conduct thereof,
18 determined either on a cash or accrual basis in accordance
19 with accepted accounting principles and practices but without
20 deduction of taxes based on income.

21 (3) (i) Net gains or income, less net losses, derived
22 by a resident or nonresident of a keystone opportunity
23 zone from the sale, exchange or disposition of real or
24 tangible personal property located in a keystone
25 opportunity zone as determined in accordance with
26 accepted accounting principles and practices.

27 (ii) Net gains, less net losses, realized by a
28 resident of a keystone opportunity zone from the sale,
29 exchange or disposition of intangible personal property
30 or obligations issued on or after February 1, 1994, by

1 the Commonwealth, a public authority, commission, board
2 or other Commonwealth agency, political subdivision or
3 authority created by a political subdivision or by the
4 Federal Government as determined in accordance with
5 accepted accounting principles and practices.

6 (iii) The exemption from income for gain or loss
7 provided for in this subparagraph shall be prorated based
8 on either:

9 (A) the percentage of time, based on calendar
10 days, the property was held by the taxpayer while a
11 resident of a keystone opportunity zone in relation
12 to the total time held by the taxpayer; or

13 (B) the percentage of time, based on calendar
14 days, the real or tangible personal property located
15 in the keystone opportunity zone was held by a
16 nonresident of a keystone opportunity zone during the
17 time period the keystone opportunity zone was in
18 effect in relation to the total time held.

19 (4) Net gains or income derived from or in the form of
20 rents received by a person, whether a resident or nonresident
21 of a keystone opportunity zone, to the extent that income or
22 loss from the rental of real or tangible personal property is
23 allocable to a keystone opportunity zone. For purposes of
24 calculating this exemption:

25 (i) Net rents derived from real or tangible personal
26 property located in a keystone opportunity zone are
27 allocable to a keystone opportunity zone.

28 (ii) If the tangible personal property was used both
29 within and without the keystone opportunity zone during
30 the taxable year, only the net income attributable to use

1 in the keystone opportunity zone is exempt. The net
2 rental income shall be multiplied by a fraction, the
3 numerator of which is the number of days the property was
4 used in the keystone opportunity zone and the denominator
5 which is the total days of use.

6 (5) Dividends received during the time the person was a
7 resident of a keystone opportunity zone.

8 (6) Interest received during the time period the person
9 was a resident of a keystone opportunity zone.

10 (7) Net gains or income derived through estates or
11 trusts received by a resident of a keystone opportunity zone
12 at the time of such receipt.

13 (b) Limitation.--A resident or nonresident may not apply an
14 exemption from income under this act for any class of income
15 against any other classes of income or gain. A resident or
16 nonresident may not carry back or carry forward any exemption
17 under this act from year to year.

18 Section 513. Residency considerations.

19 If a person completes the residency requirements under
20 section 306 or if a nonresident realizes income attributable to
21 business activity or property within a keystone opportunity zone
22 on or before the end of the tax year, the person may claim the
23 exemptions from income for the items set forth in section 512
24 for that portion of the tax year that the person was a resident
25 or for that portion of the tax year during which the area is
26 designated as a keystone opportunity zone. If the person
27 completes the residency requirements under section 306 in a tax
28 year subsequent to the tax year in which the person first
29 resided in the keystone opportunity zone, the person may file an
30 amended tax return within the applicable statute of limitations

1 to claim an exemption from income for the period of residency
2 within the keystone opportunity zone.

3 Section 514. Information for employer.

4 (a) Duty of employee.--Every person who is an employee that
5 qualifies as a resident of a keystone opportunity zone shall
6 furnish to his or her employer information, as prescribed by the
7 Department of Revenue, necessary for the employer to withhold
8 the correct amount of tax. An employee shall furnish
9 notification to his or her employer of any changes to the
10 information within 20 days after the change. An employee shall
11 notify his or her employer that the employee has completed the
12 residency requirements under section 306.

13 (b) Duty of employer.--Within 20 days after an employer
14 receives information from an employee pursuant to subsection
15 (a), the employer shall forward a copy of that information to
16 the Department of Revenue. The information shall not be given
17 retroactive effect for withholding purposes. The employer shall
18 not be required to withhold tax from the compensation paid to a
19 resident of a keystone opportunity zone, if reasonable under the
20 circumstances, unless directed by the Department of Revenue to
21 withhold tax from the compensation on some other basis. If an
22 employee fails or refuses to furnish the information, or
23 furnishes information that the employer reasonably and in good
24 faith believes to be inaccurate, the employer shall withhold the
25 full rate of tax from the employee's total compensation.

26 Section 515. Corporate net income tax.

27 (a) Credits.--For the tax years that begin on or after
28 January 1, 1999, a corporation that qualifies as a qualified
29 business under this act may claim a credit against the tax
30 imposed by Article IV of the Tax Reform Code of 1971 for the

1 taxable year to the extent of the tax liability attributable to
2 business activity conducted within a keystone opportunity zone
3 in the taxable year. THE BUSINESS ACTIVITY MUST BE CONDUCTED ←
4 DIRECTLY BY A CORPORATION IN THE KEYSTONE OPPORTUNITY ZONE IN
5 ORDER FOR THE CORPORATION TO CLAIM THE TAX CREDIT.

6 (b) Tax liability determinations.--The corporate tax
7 liability attributable to business activity conducted within a
8 keystone opportunity zone shall be determined by multiplying the
9 corporation's taxable income that is attributable to business
10 activity conducted within the keystone opportunity zone by the
11 rate of tax imposed under Article IV of the Tax Reform Code of
12 1971 for the taxable year.

13 (c) Determinations of attributable tax liability.--Tax
14 liability attributable to business activity conducted within a
15 keystone opportunity zone shall be computed, construed,
16 administered and enforced in conformity with Article IV of the
17 Tax Reform Code of 1971 and with specific reference to the
18 following:

19 (1) If the entire business of the corporation in this
20 Commonwealth is transacted wholly within the keystone
21 opportunity zone, the taxable income attributable to business
22 activity within a keystone opportunity zone shall consist of
23 the Pennsylvania taxable income as determined under Article
24 IV of the Tax Reform Code of 1971.

25 (2) If the entire business of the corporation in this
26 Commonwealth is not transacted wholly within the keystone
27 opportunity zone, the taxable income of a corporation in a
28 keystone opportunity zone shall be determined upon such
29 portion of the Pennsylvania taxable income of such
30 corporation attributable to business activity conducted

1 within the keystone opportunity zone and apportioned in
2 accordance with subsection (d).

3 (d) Income apportionment.--All taxable income of a qualified
4 business shall be apportioned to the keystone opportunity zone
5 by multiplying the Pennsylvania taxable income by a fraction,
6 the numerator of which is the property factor plus the payroll
7 factor plus the sales factor and the denominator of which is
8 three.

9 (1) The property factor is a fraction, the numerator of
10 which is the average value of the taxpayer's real and
11 tangible personal property owned or rented and used in the
12 keystone opportunity zone during the tax period and the
13 denominator of which is the average value of all the
14 taxpayer's real and tangible personal property owned or
15 rented and used in this Commonwealth during the tax period
16 but shall not include the security interest of any
17 corporation as seller or lessor in personal property sold or
18 leased under a conditional sale, bailment lease, chattel
19 mortgage or other contract providing for the retention of a
20 lien or title as security for the sales price of the
21 property.

22 (2) (i) The payroll factor is a fraction, the numerator
23 of which is the total amount paid in the keystone
24 opportunity zone during the tax period by the taxpayer
25 for compensation and the denominator of which is the
26 total compensation paid in this Commonwealth during the
27 tax period.

28 (ii) Compensation is paid in the keystone
29 opportunity zone if:

30 (A) the person's service is performed entirely

1 within the keystone opportunity zone;

2 (B) the person's service is performed both
3 within and without the keystone opportunity zone, but
4 the service performed without the keystone
5 opportunity zone is incidental to the person's
6 service within the keystone opportunity zone; or

7 (C) some of the service is performed in the
8 keystone opportunity zone and the base of operations
9 or, if there is no base of operations, the place from
10 which the service is directed or controlled is in the
11 keystone opportunity zone, or the base of operations
12 or the place from which the service is directed or
13 controlled is not in any location in which some part
14 of the service is performed, but the person's
15 residence is in the keystone opportunity zone.

16 (3) The sales factor is a fraction, the numerator of
17 which is the total sales of the taxpayer in the keystone
18 opportunity zone during the tax period, and the denominator
19 of which is the total sales of the taxpayer in this
20 Commonwealth during the tax period.

21 (i) Sales of tangible personal property are in the
22 keystone opportunity zone if the property is delivered or
23 shipped to a purchaser within the keystone opportunity
24 zone regardless of the F.O.B. point or other conditions
25 of the sale.

26 (ii) Sales, other than sales of tangible personal
27 property, are in the keystone opportunity zone if:

28 (A) the income-producing activity is performed
29 in the keystone opportunity zone; or

30 (B) the income-producing activity is performed

1 both within and without the keystone opportunity zone
2 and a greater proportion of the income-producing
3 activity is performed in the keystone opportunity
4 zone than in any other location, based on costs of
5 performance.

6 (e) Computation.--A corporation shall compute its
7 Commonwealth taxable income in conformity with Article IV of the
8 Tax Reform Code of 1971 with no adjustments or subtractions for
9 keystone opportunity zone taxable income.

10 (f) Credit.--The credit allowed under this section shall not
11 exceed the corporate net income tax liability of the taxpayer
12 for the tax year.

13 (g) Section not applicable to certain businesses.--Any
14 portion of the taxpayer's taxable income that is attributable to
15 the operation of a railroad, truck, bus or airline company,
16 pipeline or natural gas company, MUNICIPAL WASTE LANDFILL, water ←
17 transportation company, a corporation that qualifies as a
18 regulated investment company under Article IV of the Tax Reform
19 Code of 1971, or holding company as defined in Article VI of the
20 Tax Reform Code of 1971 and any business activity that is
21 associated or affiliated with the operation of these business
22 activities shall not be used to calculate a credit under this
23 section.

24 Section 516. Capital stock franchise tax.

25 (a) Credits.--For tax years that begin on or after January
26 1, 1999, a corporation that is a qualified business under
27 section ~~501(e)~~ 307(A) may claim a credit against the tax imposed ←
28 by Article VI of the Tax Reform Code of 1971 for the taxable
29 year to the extent of the tax liability attributable to the
30 capital employed within a keystone opportunity zone in the

1 taxable year.

2 (b) Tax liability.--The corporation's tax liability
3 attributable to capital employed within a keystone opportunity
4 zone shall be determined by multiplying the corporation's
5 taxable value attributable to capital employed within the
6 keystone opportunity zone by the rate of tax imposed under
7 Article VI of the Tax Reform Code of 1971 for the taxable year.
8 The corporation shall compute its Pennsylvania taxable value in
9 conformity with Article VI of the Tax Reform Code of 1971 with
10 no adjustments or subtractions for the capital employed in the
11 keystone opportunity zone.

12 (c) Determination of attributable tax liability.--The
13 determination of the corporation's taxable value attributable to
14 the capital employed within a keystone opportunity zone shall be
15 determined with specific reference to the following:

16 (1) If the entire business of the corporation in this
17 Commonwealth is transacted wholly within a keystone
18 opportunity zone, the taxable value attributable to the
19 capital employed within a keystone opportunity zone shall
20 consist of the Pennsylvania taxable value as determined under
21 Article VI of the Tax Reform Code of 1971.

22 (2) If the entire business of the corporation in this
23 Commonwealth is not wholly transacted within a keystone
24 opportunity zone, the taxable value of a corporation in a
25 keystone opportunity zone shall be determined upon such
26 portion of the Pennsylvania taxable value attributable to the
27 capital employed within the keystone opportunity zone by
28 employing the apportionment factors set forth in subsection
29 (d).

30 (d) Capital stock and franchise tax apportionment.--For

1 purposes of apportionment of the capital stock and franchise
2 tax, the apportionment fraction shall be the property factor
3 plus the payroll factor plus the sales factor as the numerator
4 and the denominator shall be three. In determining the relevant
5 apportionment factors, the numerator of the property, payroll
6 and sales factors shall not include any property, payroll and
7 sales attributable to manufacturing, processing, research and
8 development activities conducted within a keystone opportunity
9 zone and the denominator of the property, payroll and sales
10 factors shall not include any property, payroll and sales
11 attributable to manufacturing, processing and research and
12 development activities conducted within this Commonwealth but
13 without a keystone opportunity zone.

14 (e) Limitation on amount of credit.--The credit allowed
15 under this section shall not exceed the capital stock franchise
16 tax liability of the taxpayer for the tax year.

17 (f) Credit not available.--Any portion of the taxpayer's tax
18 liability that is attributable to the capital employed in the
19 operation of a railroad, truck, bus or airline company, pipeline
20 or natural gas company, water transportation company, a
21 corporation that qualifies, regulated investment company under
22 Article IV of the Tax Reform Code of 1971, or holding company as
23 defined in Article VI of the Tax Reform Code of 1971 and any
24 capital employed in a business activity that is associated or
25 affiliated with the operation of these business activities shall
26 not be used to calculate a credit under this section.

27 CHAPTER 7

28 LOCAL TAXES

29 Section 701. Local taxes.

30 Every political subdivision in which a designated keystone

1 opportunity zone is located shall exempt, deduct, abate or
2 credit local taxes in accordance with ordinances and resolutions
3 adopted under section 301(d). Failure to exempt, deduct, abate
4 or credit local taxes shall result in the revocation of the
5 keystone opportunity zone designation.

6 Section 702. Real property tax.

7 (a) General rule.--Notwithstanding the act of May 22, 1933
8 (P.L.853, No.155), known as The General County Assessment Law,
9 and the act of May 21, 1943 (P.L.571, No.254), known as The
10 Fourth to Eighth Class County Assessment Law, each qualified
11 political subdivision for taxable years beginning on or after
12 January 1, 1999, shall by ordinance or resolution abate 100% of
13 the real property taxation on the assessed valuation of
14 deteriorated property in an area designated as a keystone
15 opportunity zone within this Commonwealth.

16 ~~(b) Investment in lieu of tax payment.--A qualified~~ <—

17 (B) INVESTMENT IN LIEU OF TAX PAYMENT.-- <—

18 (1) A QUALIFIED political subdivision may require a
19 resident of deteriorated real property to invest up to 25% of
20 all real property taxes, which would have been due if the
21 real property was not located in a keystone opportunity zone,
22 in improvements to the real property, in order for the
23 residents to be qualified for exemptions, credits and
24 abatements under this act.

25 (2) A NONRESIDENT OWNER OF DETERIORATED REAL PROPERTY <—
26 WHO LEASES THE REAL PROPERTY TO A PERSON FOR RESIDENTIAL USE
27 SHALL INVEST 50% OF ALL REAL PROPERTY TAXES, WHICH WOULD HAVE
28 BEEN DUE IF THE REAL PROPERTY WAS NOT LOCATED IN A KEYSTONE
29 OPPORTUNITY ZONE, IN IMPROVEMENTS TO THE REAL PROPERTY.

30 (c) Application for tax abatement.--Any person requesting

1 real property tax abatement pursuant to ordinances or
2 resolutions adopted pursuant to this act shall notify each
3 political subdivision granting such abatement in writing on a
4 form provided by that political subdivision within 30 days of
5 the designation as a keystone opportunity zone or within 30 days
6 of the transfer of ownership of the real property subject to
7 abatement. A copy of the abatement request shall be forwarded by
8 the political subdivision to the board of assessment or other
9 appropriate assessment agency.

10 (d) Annual real property report.--Every qualified political
11 subdivision shall submit to the department an annual report by
12 December 31 of each calendar year of all real property and the
13 owners and addresses of that real property at any time during
14 the year which is located in a designated keystone opportunity
15 zone.

16 (e) Interest and penalties.--If the department or a
17 political subdivision finds that a person claimed an abatement
18 of real property tax to which the person was not entitled under
19 this act, the person shall be liable for the abated taxes and
20 subject to the applicable interest and penalty provisions
21 provided by law.

22 (f) Calculations for education subsidy for school
23 districts.--In determining the market value of real property in
24 each school district, the State Tax Equalization Board shall
25 exclude any increase in value above the base value prior to the
26 effect of the abatement of local taxes to the extent and during
27 the period of time that real estate tax revenues attributable to
28 such increased value are not available to the school district
29 for general school district purposes.

30 Section 703. Local earned income and net profits taxes;

1 business privilege taxes.

2 (a) General exemption.--To the extent that a qualified
3 political subdivision has enacted any tax on the privilege of
4 engaging in any business or profession, measured by gross
5 receipts or on a flat rate basis, earned income or net profits,
6 as defined in the act of December 31, 1965 (P.L.1257, No.511),
7 known as The Local Tax Enabling Act, imposed within the
8 boundaries of a keystone opportunity zone, such qualified
9 political subdivision shall exempt from the imposition or
10 operation of such local tax ordinances, statutes, regulations or
11 otherwise:

12 (1) The business gross receipts for operations conducted
13 by a qualified business within a keystone opportunity zone.

14 (2) The earned income received by a resident of a
15 keystone opportunity zone.

16 (3) The net profits of a qualified business received by
17 a resident or nonresident of a keystone opportunity zone
18 attributable to business activity conducted within a keystone
19 opportunity zone.

20 (b) Additional exemptions.--To the extent that a qualified
21 political subdivision has:

22 (1) pursuant to the act of August 5, 1932, (Sp.Sess.
23 P.L.45, No.45), referred to as the Sterling Act, the act of
24 March 10, 1949 (P.L.30, No.14), known as the Public School
25 Code of 1949, the act of August 24, 1961 (P.L.1135, No.508),
26 referred to as the First Class A School District Earned
27 Income Tax Act, the act of August 9, 1963 (P.L.640, No.338)
28 entitled, "An act empowering cities of the first class,
29 coterminous with school districts of the first class, to
30 authorize the boards of public education of such school

1 districts to impose certain additional taxes for school
2 district purposes, and providing for the levy, assessment and
3 collection of such taxes," the act of May 30, 1984 (P.L.345,
4 No.69), known as the First Class City Business Tax Reform
5 Act, or the act of June 5, 1991 (P.L.9, No.6), known as the
6 Pennsylvania Intergovernmental Cooperation Authority Act for
7 Cities of the First Class, enacted a tax on:

8 (i) the privilege of engaging in a profession or
9 business;

10 (ii) wages or compensation;

11 (iii) net profits from the operation of a business,
12 profession or other activity; or

13 (iv) the occupancy or use of real property.

14 (2) The qualified political subdivision shall provide an
15 exemption, deduction, abatement or credit from the imposition
16 and operation of such local tax ordinance or resolution any
17 of the following:

18 (i) a person or qualified business, whether a
19 resident or a nonresident of a keystone opportunity zone,
20 for the privilege of engaging in a business or profession
21 within a keystone opportunity zone;

22 (ii) salaries, wages, commissions, compensation or
23 other income received for services rendered or work
24 performed by a resident of a keystone opportunity zone;

25 (iii) the gross or net income or gross or net
26 profits realized from the operation of a qualified
27 business to the extent attributable to business activity
28 conducted within a keystone opportunity zone; or

29 (iv) the occupancy or use of real property located
30 within the keystone opportunity zone.

1 (c) Limitation on withholding.--Every employer required to
2 withhold any local tax on the earned income, wages or
3 compensation of one or more persons within the particular
4 political subdivision shall not withhold such tax on earned
5 income, wages or compensation paid to any person or his personal
6 representative during any period when the qualified political
7 subdivision has by ordinance or resolution provided for the
8 exemption from tax as provided in section 701 and the person is
9 a resident of a keystone opportunity zone.

10 (d) Information for employer.--Every person who is an
11 employee that qualifies as a resident of a keystone opportunity
12 zone shall furnish to his or her employer information, as
13 prescribed by the political subdivision, necessary for the
14 employer to withhold the correct amount of tax. An employee
15 shall furnish notification to his or her employer of any changes
16 to the information within 20 days after the change. An employee
17 shall notify his or her employer that the employee has completed
18 the residency requirements under section 306.

19 (e) Duty of employer.--Within 20 days after an employer
20 receives information from an employee pursuant to subsection
21 (a), the employer shall forward a copy of that information to
22 the political subdivision. The information shall not be given
23 retroactive effect for withholding purposes. The employer shall
24 not be required to withhold tax from the wages, earned income or
25 compensation paid to a resident of a keystone opportunity zone,
26 if reasonable under the circumstances, unless directed by the
27 political subdivision to withhold tax from the wages, earned
28 income or compensation on some other basis. If an employee fails
29 or refuses to furnish the information, or furnishes information
30 that the employer reasonably and in good faith believes to be

1 inaccurate, the employer shall withhold the full rate of tax
2 from the employee's total wages, earned income or compensation.

3 (f) Calculation for education subsidy for school district.--
4 In determining the personal income valuation of a school
5 district, the Secretary of Revenue shall exclude any increase in
6 the valuation as defined in section 2501(9.1) of the act of
7 March 10, 1949 (P.L.30, No.14), known as the Public School Code
8 of 1949, above the base value prior to the abatement of local
9 taxes in a keystone opportunity zone located within the school
10 district to the extent and during the period of time that
11 personal income revenues attributable to the increase in the
12 personal income valuation are not available to the school
13 district for general school district purposes.

14 Section 704. Mercantile license tax.

15 No person or qualified business in a keystone opportunity
16 zone shall be required to pay any fee authorized pursuant to a
17 mercantile license tax imposed under the act of June 20, 1947
18 (P.L.745, No.320), entitled, as amended, "An act to provide
19 revenue for school districts of the first class A by imposing a
20 temporary mercantile license tax on persons engaging in certain
21 occupations and businesses therein; providing for its levy and
22 collection; for the issuance of mercantile licenses upon the
23 payment of fees therefor; conferring and imposing powers and
24 duties on boards of public education, receivers of school taxes
25 and school treasurers in such districts; saving certain
26 ordinances of council of certain cities, and providing
27 compensation for certain officers, and employes and imposing
28 penalties."

29 Section 705. Local sales and use tax.

30 (a) General rule.--The political subdivision shall exempt

1 sales at retail of services or tangible personal property,
2 except motor vehicles, to a qualified business for the exclusive
3 use, consumption and utilization of the tangible personal
4 property or service, by the qualified business at its facility
5 located within a keystone opportunity zone from a city or county
6 tax on purchase price authorized under Article XXXI-B of the act
7 of July 28, 1953 (P.L.723, No.230), known as the Second Class
8 County Code, as amended, and the act of June 5, 1991 (P.L.9,
9 No.6), known as the Pennsylvania Intergovernmental Cooperation
10 Authority Act for Cities of the First Class, as amended.

11 (b) Exclusion.--Sales at retail or use of tangible personal
12 property or services to that tangible personal property that
13 will become a permanent part of the real property in accordance
14 with Department of Revenue regulations shall not be eligible for
15 the exclusion provided for under this subsection.

16 (c) Definition.--Sales at retail of tangible personal
17 property and services shall be defined in accordance with
18 Article II of the Tax Reform Code of 1971.

19 CHAPTER 9

20 ADMINISTRATION OF TAX PROVISIONS

21 Section 901. Transferability.

22 Any exemption, deduction, abatement or credit provided to any
23 person under Chapter 5 or 7 is nontransferable and cannot be
24 applied, used or assigned to any other person or tax account.

25 Section 902. Recapture.

26 (a) General rule.--If any qualified business located within
27 a keystone opportunity zone has received an exemption,
28 deduction, abatement or credit under this act and subsequently
29 relocates outside of the zone, that business shall refund to the
30 State and political subdivision which granted the exemption,

1 deduction, abatement or credit received in accordance with the
2 following:

3 (1) If a qualified business relocates within three years
4 from the date of any claim, 66% of all the exemptions,
5 deductions, abatements or credits previously received due to
6 that qualified business's participation in the keystone
7 opportunity zone shall be refunded.

8 (2) If a qualified business relocates within three to
9 five years from the date of any claim, 33% of all exemptions,
10 deductions, abatements or credits previously received from
11 participation in the keystone opportunity zone shall be
12 refunded.

13 (3) If the qualified business was located within a
14 facility operated by a nonprofit organization to assist in
15 the creation and development of a start-up business, no
16 refund, exemption, deduction, abatement or credit shall be
17 required.

18 (b) Waiver.--

19 (1) The department, in consultation with the Department
20 of Revenue, may waive or modify recapture requirements under
21 this section if the department determines that the business
22 relocation was due to circumstances beyond the control of the
23 business including, but not limited to:

24 ~~(1)~~ (I) natural disaster; <—

25 ~~(2)~~ (II) unforeseen industry trends; or <—

26 ~~(3)~~ (III) loss of a major supplier or market. <—

27 (2) IF THE DEPARTMENT WAIVES OR MODIFIES THE RECAPTURE <—
28 REQUIREMENTS, THE DEPARTMENT SHALL REFUND TO THE POLITICAL
29 SUBDIVISION WHICH GRANTED THE EXEMPTION, DEDUCTION, ABATEMENT
30 OR CREDIT THE AMOUNT OTHERWISE DUE THE POLITICAL SUBDIVISION

1 UNDER SUBSECTION (A) ABSENT THE WAIVER OR MODIFICATION. THIS
2 PARAGRAPH SHALL NOT APPLY TO BUSINESS RELOCATIONS DUE TO
3 NATURAL DISASTER.

4 (c) Determination of claim date.--For purposes of this
5 section, an exemption, deduction, abatement or credit is deemed
6 to be claimed on the later of:

7 (1) the date the return or other report for the tax or
8 fee is due;

9 (2) the date the return is filed; or

10 (3) the date the tax or fee would be paid.

11 Section 903. Delinquent or deficient State or local taxes.

12 (a) Persons.--No person may claim or receive an exemption,
13 deduction, abatement or credit under this act unless that person
14 is in full compliance with all State and local tax laws, and
15 related ordinances and resolutions.

16 (b) Qualified business.--

17 (1) No qualified business may claim or receive an
18 exemption, deduction, abatement or credit under this act
19 unless that qualified business is in full compliance with all
20 State and local tax laws, ordinances and resolutions.

21 (2) No qualified business may claim or receive an
22 exemption, deduction, abatement or credit under this act if
23 any person or business with a 20% or greater interest in that
24 qualified business is not in full compliance with all State
25 and local tax laws, ordinances and resolutions.

26 (c) Later compliance and eligibility.--Any person or
27 qualified business that is not eligible to claim an exemption,
28 deduction, abatement or credit due to noncompliance with any
29 State or local tax law may become eligible if that person
30 subsequently comes into full compliance with all State and local

1 tax laws to the satisfaction of the Department of Revenue or the
2 political subdivision within the calendar year in which the
3 noncompliance first occurred. If full compliance is not attained
4 by December 31 of the calendar year in which noncompliance first
5 occurred, then that person or qualified business is precluded
6 from claiming any exemption, deduction, abatement or credit for
7 that calendar year, whether or not full compliance is achieved
8 in subsequent calendar years.

9 Section 904. Code compliance.

10 (a) General rule.--A person or qualified business shall be
11 precluded from claiming any exemption, deduction, abatement or
12 credit provided for in this act if that person or qualified
13 business owns real property in a keystone opportunity zone and
14 the real property is not in compliance with all applicable State
15 and local zoning, building and housing laws, ordinances or codes
16 and the real property owner has not filed an affidavit with the
17 political subdivision attesting to compliance for that calendar
18 year before December 31 with the political subdivision in which
19 the real property is located.

20 (b) Opportunity to achieve compliance.--The person or
21 qualified business who is not in compliance under subsection (a)
22 shall have until December 31 of the calendar year following
23 designation of the real property as part of a keystone
24 opportunity zone to be in compliance in order to claim any State
25 exemptions, deductions, abatements or credits for that year. If
26 full compliance is not attained by December 31 of that calendar
27 year, the person is precluded from claiming any exemption,
28 deduction or credit for that calendar year, whether or not
29 compliance is achieved in a subsequent calendar year. The
30 political subdivision may extend the time period in which a

1 person or qualified business must come into compliance with a
2 local ordinance or building code for a period not to exceed one
3 year if the political subdivision determines that the person or
4 qualified business has made and shall continue to make a good
5 faith effort to come into compliance and that an extension will
6 enable the person to achieve full compliance. Qualified
7 political subdivisions are required to notify the Department of
8 Revenue in writing of all persons or qualified businesses not in
9 compliance with this subsection within 30 days following the end
10 of each calendar year.

11 Section 905. Appeals.

12 A person shall be deemed to be in compliance with any State
13 or local tax for purposes of this section if that person had
14 made a timely administrative or judicial appeal for that
15 particular tax or has entered into and is in compliance with a
16 duly authorized deferred payment plan with the Department of
17 Revenue or political subdivision for that particular tax.

18 CHAPTER 11

19 PROCEDURES FOR ZONES

20 Section 1101. Community benefits.

21 (a) Implementation grant.--The department may provide a one-
22 time \$250,000 grant to the keystone opportunity zone to
23 implement the opportunity plan and to provide an annual update
24 of real property ownership and other information to the
25 Department of Revenue. The annual update shall describe progress
26 on all proposals required as part of the opportunity plan and
27 other information as required by the department. A separate
28 application must be submitted to the department outlining a
29 budget and implementation narrative. The grant shall be drawn
30 down as needed over a period not to exceed the first five years

1 of designation as a keystone opportunity zone. Grant funds shall
2 be provided from the housing and redevelopment appropriations.
3 Keystone opportunity zones shall comply with the provisions of
4 the appropriation.

5 (b) Reduced interest.--Projects in designated keystone
6 opportunity zones that are approved for Pennsylvania Industrial
7 Development Authority (PIDA), or Small Business First financing
8 shall receive the lowest interest rate extended to borrowers.

9 (c) Priority consideration.--Projects in keystone
10 opportunity zones shall receive priority consideration for State
11 assistance under State economic, community and economic
12 development programs and community building initiatives.

13 (d) Marketing.--The department shall develop and implement a
14 consolidated marketing strategy for the keystone opportunity
15 zones for use in job retention and attraction activities.

16 (e) Education.--The Department of Education shall provide
17 technical assistance to school districts located in or school
18 districts having parts of their districts located in keystone
19 opportunity zones.

20 (f) Local governments.--The Center for Local Government
21 Services in the department shall provide technical assistance to
22 political subdivisions relating to taxation, implementation of
23 the opportunity plan, establishing annual benchmarks and annual
24 reporting requirements to the departments. Additionally, the
25 Center for Local Government Services shall provide political
26 subdivisions in keystone opportunity zones with technical
27 assistance to encourage the implementation of best practices in
28 achieving efficient and effective local government
29 administration and shall coordinate activities with other
30 departments and agencies providing various assistance to

1 communities.

2 (g) Community-based organizations.--The department shall
3 provide technical assistance for capacity building of existing
4 community-based organizations dealing with socio-economic needs,
5 housing assistance and job training in the keystone opportunity
6 zones.

7 Section 1102. Reporting.

8 The department shall report to the General Assembly on the
9 economic effects of this act in each keystone opportunity zone
10 every four years.

11 Section 1103. Other Commonwealth tax credits.

12 A person or qualified business that is entitled to claim an
13 exemption, deduction, abatement or credit in accordance with the
14 provisions of this act shall not be entitled to claim or
15 accumulate any of the following exemptions, deductions,
16 abatements or credits that it may otherwise have qualified for
17 due to activity within a keystone opportunity zone:

18 (1) Tax Reform Code of 1971:

19 (i) Article XVII relating to economic revitalization
20 tax credits;

21 (ii) Article XVII-A relating to employment incentive
22 payments;

23 (iii) Article XVII-B relating to research and
24 development tax credits; or

25 (iv) Article XIX-A relating to neighborhood
26 assistance and enterprise zone tax credits;

27 (2) tax credits under section 109 of the act of December
28 19, 1996 (P.L.1478, No.190), known as the Waste Tire
29 Recycling Act;

30 (3) homeowners mortgage credits;

1 (4) insurance premiums tax credits; and
2 (5) job creation tax credit under the act of June 29,
3 1996 (P.L.434, No.67), known as the Job Enhancement Act.
4 The person or qualified business may apply the exemptions,
5 deductions, abatements or credits to income realized from
6 activity or transactions outside the keystone opportunity zone,
7 but only for the taxable year to which the exemptions,
8 deductions, abatements or credits apply. The provisions of this
9 section shall apply only to the taxes set forth in Chapters 5
10 and 7.

11 CHAPTER 13 ←

12 ECONOMIC DEVELOPMENT ZONES

13 SECTION 1301. SHORT TITLE OF CHAPTER.

14 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE ECONOMIC
15 DEVELOPMENT ZONES ACT.

16 SECTION 1302. LEGISLATIVE FINDINGS.

17 THE GENERAL ASSEMBLY FINDS AND DECLARES AS FOLLOWS:

18 (1) THERE PERSIST IN THIS COMMONWEALTH AREAS OF ECONOMIC
19 DISTRESS CHARACTERIZED BY HIGH UNEMPLOYMENT, LOW INVESTMENT
20 OF NEW CAPITAL, BLIGHTED CONDITIONS, OBSOLETE OR ABANDONED
21 INDUSTRIAL OR COMMERCIAL STRUCTURES AND DETERIORATING TAX
22 BASES.

23 (2) THE SEVERE AND PERSISTENT DETERIORATION OF THESE
24 AREAS DEMANDS VIGOROUS AND COORDINATED EFFORTS BY PRIVATE AND
25 PUBLIC ENTITIES TO RESTORE THEIR PROSPERITY AND ENABLE THEM
26 TO RESUME SIGNIFICANT CONTRIBUTIONS TO THE ECONOMIC AND
27 SOCIAL LIFE OF THIS COMMONWEALTH.

28 (3) THE ECONOMIC REVITALIZATION OF THESE AREAS REQUIRES
29 APPLICATION OF THE SKILLS AND ENTREPRENEURIAL VIGOR OF
30 PRIVATE ENTERPRISE. IT IS THE RESPONSIBILITY OF GOVERNMENT TO

1 PROVIDE A FRAMEWORK WITHIN WHICH:

2 (I) ENCOURAGEMENT IS GIVEN TO PRIVATE CAPITAL
3 INVESTMENT IN THESE AREAS;

4 (II) DISINCENTIVES TO INVESTMENT ARE REMOVED OR
5 ABATED; AND

6 (III) MECHANISMS ARE PROVIDED FOR THE COORDINATION
7 AND COOPERATION OF PRIVATE AND PUBLIC AGENCIES IN
8 RESTORING THE ECONOMIC VIABILITY AND PROSPERITY OF THESE
9 AREAS.

10 SECTION 1303. DEFINITIONS.

11 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
12 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
13 CONTEXT CLEARLY INDICATES OTHERWISE:

14 "DEVELOPMENT ZONE." A ZONE DESIGNATED BY THE DEPARTMENT
15 UNDER THIS CHAPTER. SUCH A ZONE SHALL BE KNOWN AS A PENNZONE.

16 "FUND." THE ECONOMIC DEVELOPMENT ZONE ASSISTANCE FUND
17 ESTABLISHED IN SECTION 1327.

18 "PUBLIC ASSISTANCE." INCOME MAINTENANCE FUNDS ADMINISTERED
19 BY THE DEPARTMENT OF PUBLIC WELFARE OR BY A COUNTY ASSISTANCE
20 OFFICE.

21 "QUALIFIED BUSINESS." AN ENTITY AUTHORIZED TO DO BUSINESS IN
22 THIS COMMONWEALTH WHICH MEETS ANY OF THE FOLLOWING:

23 (1) AT THE TIME OF DESIGNATION AS A DEVELOPMENT ZONE, IS
24 ENGAGED IN THE ACTIVE CONDUCT OF A TRADE OR BUSINESS IN THAT
25 ZONE.

26 (2) AFTER THAT DESIGNATION BUT DURING THE DESIGNATION
27 PERIOD, BECOMES NEWLY ENGAGED IN THE ACTIVE CONDUCT OF A
28 TRADE OR BUSINESS IN THAT DEVELOPMENT ZONE AND HAS AT LEAST
29 25% OF ITS FULL-TIME EMPLOYEES EMPLOYED AT A BUSINESS
30 LOCATION IN THE ZONE WHO ARE:

1 (I) RESIDENTS WITHIN THE ZONE, WITHIN ANOTHER ZONE
2 OR WITHIN A QUALIFYING MUNICIPALITY;

3 (II) UNEMPLOYED FOR AT LEAST SIX MONTHS PRIOR TO
4 BEING HIRED AND RESIDING IN THIS COMMONWEALTH;

5 (III) RECIPIENTS OF PUBLIC ASSISTANCE PROGRAMS FOR
6 AT LEAST SIX MONTHS PRIOR TO BEING HIRED; OR

7 (IV) DETERMINED TO BE ECONOMICALLY DISADVANTAGED
8 PURSUANT TO THE JOBS TRAINING PARTNERSHIP ACT (PUBLIC LAW
9 97-300, 29 U.S.C. § 1501 ET SEQ.).

10 "QUALIFYING MUNICIPALITY." ANY OF THE FOLLOWING:

11 (1) A MUNICIPALITY IN WHICH THE MUNICIPAL AVERAGE ANNUAL
12 UNEMPLOYMENT RATE FOR THE PRECEDING TWO YEARS EXCEEDED THE
13 STATE AVERAGE ANNUAL UNEMPLOYMENT RATE.

14 (2) A MUNICIPALITY WHICH QUALIFIES UNDER THE ACT OF JULY
15 10, 1987 (P.L.246, NO.47), KNOWN AS THE MUNICIPALITIES
16 FINANCIAL RECOVERY ACT.

17 (3) AT THE TIME OF DESIGNATION AS A DEVELOPMENT ZONE,
18 HAS AT LEAST 1,000 UNEMPLOYED PERSONS.

19 THE ANNUAL AVERAGE OF UNEMPLOYED PERSONS, THE TOTAL NUMBER OF
20 UNEMPLOYED PERSONS AND THE AVERAGE ANNUAL UNEMPLOYMENT RATES
21 SHALL BE ESTIMATED FOR THE RELEVANT CALENDAR YEAR BY THE
22 DEPARTMENT OF LABOR AND INDUSTRY. FOR ANY MUNICIPALITY FOR WHICH
23 THE DEPARTMENT OF LABOR AND INDUSTRY IS UNABLE TO ESTIMATE THE
24 ANNUAL AVERAGE OF UNEMPLOYED PERSONS, THE TOTAL NUMBER OF
25 UNEMPLOYED PERSONS AND THE AVERAGE ANNUAL UNEMPLOYMENT RATE, THE
26 DEPARTMENT OF LABOR AND INDUSTRY SHALL DETERMINE THE ESTIMATE
27 BASED UPON UNEMPLOYMENT DATA IN THE MOST RECENT FEDERAL
28 DECENNIAL CENSUS.

29 "ZONE." A DEVELOPMENT ZONE.

30 "ZONE DEVELOPMENT CORPORATION." A NONPROFIT CORPORATION OR

1 ASSOCIATION CREATED OR DESIGNATED BY THE GOVERNING BODY OF A
2 QUALIFYING MUNICIPALITY TO FORMULATE AND PROPOSE A PRELIMINARY
3 ZONE DEVELOPMENT PLAN UNDER SECTION 1308 AND TO PREPARE,
4 MONITOR, ADMINISTER AND IMPLEMENT THE ZONE DEVELOPMENT PLAN.

5 "ZONE DEVELOPMENT PLAN." A PLAN ADOPTED BY THE GOVERNING
6 BODY OF A QUALIFYING MUNICIPALITY FOR THE DEVELOPMENT OF A
7 DEVELOPMENT ZONE IN THE MUNICIPALITY AND FOR THE DIRECTION AND
8 COORDINATION OF ACTIVITIES OF THE MUNICIPALITY, DEVELOPMENT ZONE
9 BUSINESSES AND COMMUNITY ORGANIZATIONS WITHIN THE DEVELOPMENT
10 ZONE TOWARD THE ECONOMIC BETTERMENT OF THE RESIDENTS OF THE
11 DEVELOPMENT ZONE AND THE MUNICIPALITY.

12 "ZONE NEIGHBORHOOD ASSOCIATION." A CORPORATION OR
13 ASSOCIATION OF PERSONS WHO EITHER ARE RESIDENTS OF OR HAVE THEIR
14 PRINCIPAL PLACE OF EMPLOYMENT IN A MUNICIPALITY IN WHICH A
15 DEVELOPMENT ZONE HAS BEEN DESIGNATED WHICH IS ORGANIZED UNDER 15
16 P.A.C.S. (RELATING TO CORPORATIONS AND UNINCORPORATED
17 ASSOCIATIONS) OR OTHER APPLICABLE LAW AND WHICH HAS FOR ITS
18 PRINCIPAL PURPOSE THE ENCOURAGEMENT AND SUPPORT OF COMMUNITY
19 ACTIVITIES WITHIN, OR ON BEHALF OF, THE ZONE SO AS TO:

- 20 (1) STIMULATE ECONOMIC ACTIVITY;
- 21 (2) INCREASE OR PRESERVE RESIDENTIAL AMENITIES; OR
- 22 (3) OTHERWISE ENCOURAGE COMMUNITY COOPERATION IN
23 ACHIEVING THE GOALS OF THE ZONE DEVELOPMENT PLAN.

24 SECTION 1304. POWERS AND DUTIES.

25 THE DEPARTMENT HAS THE FOLLOWING POWERS AND DUTIES:

- 26 (1) PROMULGATE REGULATIONS TO ADMINISTER THIS CHAPTER.
- 27 (2) RECEIVE AND EVALUATE APPLICATIONS OF MUNICIPALITIES
28 FOR THE DESIGNATION OF DEVELOPMENT ZONES.
- 29 (3) ENTER INTO DISCUSSIONS WITH APPLYING MUNICIPALITIES
30 REGARDING ZONE DEVELOPMENT PLANS.

1 (4) ACT AS AGENT OF THE COMMONWEALTH WITH RESPECT TO
2 ZONE DEVELOPMENT PLANS AND IN DETERMINING THE STATE-FURNISHED
3 COMPONENTS TO BE INCLUDED IN THOSE PLANS.

4 (5) DESIGNATE DEVELOPMENT ZONES.

5 (6) EXERCISE CONTINUING REVIEW AND SUPERVISION OF THE
6 IMPLEMENTATION OF ZONE DEVELOPMENT PLANS.

7 (7) RECEIVE AND EVALUATE PROPOSALS OF QUALIFYING
8 MUNICIPALITIES IN WHICH DEVELOPMENT ZONES ARE DESIGNATED FOR
9 FUNDING OF PROJECTS AND INCREASED ELIGIBLE MUNICIPAL SERVICES
10 FROM THE FUND AND CERTIFY ANNUALLY TO THE STATE TREASURER
11 AMOUNTS TO BE PAID FROM THE FUND TO SUPPORT APPROVED PROJECTS
12 AND INCREASED ELIGIBLE MUNICIPAL SERVICES IN DEVELOPMENT
13 ZONES.

14 (8) ASSIST AND REPRESENT QUALIFYING MUNICIPALITIES IN
15 NEGOTIATIONS WITH, OR PROCEEDINGS BEFORE, FEDERAL OR STATE
16 AGENCIES TO SECURE NECESSARY OR APPROPRIATE ASSISTANCE,
17 SUPPORT AND COOPERATION IN THE IMPLEMENTATION OF ZONE
18 DEVELOPMENT PLANS IN ACCORDANCE WITH THIS CHAPTER AND ANY
19 OTHER APPLICABLE FEDERAL OR STATE LAW.

20 (9) UPON REQUEST, ASSIST AGENCIES OF MUNICIPAL
21 GOVERNMENT IN GATHERING, COMPILING AND ORGANIZING DATA TO
22 SUPPORT AN APPLICATION FOR DESIGNATION OF A DEVELOPMENT ZONE
23 AND IN IDENTIFYING AND COORDINATING THE ELEMENTS OF A ZONE
24 DEVELOPMENT PLAN SUITABLE FOR THE DEVELOPMENT ZONE SEEKING TO
25 BE DESIGNATED.

26 (10) PROVIDE ASSISTANCE TO STATE AND LOCAL GOVERNMENT
27 AGENCIES RELATING TO APPLICATION FOR THE SECURING OF PERMITS,
28 LICENSES AND OTHER REGULATORY APPROVALS TO ASSURE
29 CONSIDERATION AND EXPEDITIOUS HANDLING OF REGULATORY
30 REQUIREMENTS OF ANY DEVELOPMENT ZONE BUSINESS, ZONE

1 DEVELOPMENT CORPORATION OR ZONE NEIGHBORHOOD ASSOCIATION.
2 REGULATORY AGENCIES OF THE COMMONWEALTH AND POLITICAL
3 SUBDIVISIONS MAY AGREE TO SIMPLIFICATION, CONSOLIDATION OR
4 OTHER LIBERALIZATION OF PROCEDURAL REQUIREMENTS REQUESTED BY
5 THE DEPARTMENT WHICH IS NOT INCONSISTENT WITH PROVISIONS OF
6 LAW.

7 (11) ASSIST THE COMMONWEALTH IN APPLYING TO, OR ENTERING
8 INTO NEGOTIATIONS OR AGREEMENTS WITH, THE FEDERAL GOVERNMENT
9 FOR FEDERAL ENTERPRISE ZONE DESIGNATIONS.

10 (12) EXERCISE CONTINUING REVIEW OF THE IMPLEMENTATION OF
11 THIS CHAPTER AND REPORT ANNUALLY TO THE GOVERNOR AND THE
12 GENERAL ASSEMBLY ON THE EFFECTIVENESS OF DEVELOPMENT ZONES IN
13 ADDRESSING THE CONDITIONS CITED IN THIS CHAPTER, INCLUDING
14 ANY RECOMMENDATIONS FOR LEGISLATION TO IMPROVE THE
15 EFFECTIVENESS OF OPERATION OF THOSE DEVELOPMENT ZONES. THE
16 REPORT SHALL BE SUBMITTED ANNUALLY BY JULY 31.

17 SECTION 1305. STUDY ON FISCAL IMPACT OF DEVELOPMENT ZONES;
18 CONTENTS; RECOMMENDATIONS; SUBMISSION TO GOVERNOR
19 AND GENERAL ASSEMBLY; FUNDING FOR COST OF STUDY.

20 IN ADDITION TO THE DUTIES OF THE DEPARTMENT REQUIRED UNDER
21 SECTION 1304, THE DEPARTMENT SHALL ALSO PREPARE A FISCAL IMPACT
22 STUDY OF EACH DEVELOPMENT ZONE. THE STUDY SHALL INCLUDE AN
23 ANALYSIS OF THE EFFECTS OF EACH DEVELOPMENT ZONE ON THE LOCAL
24 ECONOMY OF THE AREA IN WHICH THE ZONE IS LOCATED AND AN
25 ASSESSMENT OF THE EFFECTIVENESS OF THE DEVELOPMENT ZONES IN
26 ADDRESSING THE PURPOSES OF THIS CHAPTER. THE STUDY SHALL BE
27 COMPLETED WITHIN A REASONABLE TIME AFTER THE END OF ONE YEAR
28 FOLLOWING THE DESIGNATION OF THE DEVELOPMENT ZONES. THE
29 DEPARTMENT SHALL SUBMIT ITS STUDY TO THE GOVERNOR AND THE
30 GENERAL ASSEMBLY, INCLUDING ANY RECOMMENDATIONS FOR LEGISLATION

1 TO IMPROVE THE EFFECTIVENESS OF OPERATION OF THE DEVELOPMENT
2 ZONES, WITHIN TWO YEARS FROM THE EFFECTIVE DATE OF THIS SECTION.
3 THE DEPARTMENT SHALL USE FUNDS AVAILABLE FROM THE ACCOUNT
4 CREATED IN THE NAME OF THE DEPARTMENT IN THE FUND FOR THE
5 ADMINISTRATION OF THE PROGRAM TO PAY FOR THE COST OF THE STUDY.
6 SECTION 1306. ECONOMIC DEVELOPMENT ZONES; DESIGNATION;
7 DURATION.

8 THE DEPARTMENT SHALL DESIGNATE DEVELOPMENT ZONES FROM AMONG
9 THOSE AREAS OF QUALIFYING MUNICIPALITIES DETERMINED TO BE
10 ELIGIBLE UNDER THIS CHAPTER. NO MORE THAN 30 DEVELOPMENT ZONES
11 SHALL BE IN EFFECT AT ANY ONE TIME. NO MORE THAN ONE DEVELOPMENT
12 ZONE SHALL BE DESIGNATED IN ANY ONE MUNICIPALITY. A DESIGNATION
13 GRANTED SHALL BE FOR A PERIOD OF 10 YEARS AND MAY BE RENEWED FOR
14 ONE ADDITIONAL TEN-YEAR PERIOD. IN DESIGNATING DEVELOPMENT
15 ZONES, THE DEPARTMENT SHALL SEEK TO AVOID EXCESSIVE GEOGRAPHIC
16 CONCENTRATION OF DEVELOPMENT ZONES IN ANY PARTICULAR REGION OF
17 THIS COMMONWEALTH. THE DEPARTMENT SHALL ACCEPT APPLICATIONS
18 WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THE FINAL ADOPTION OF
19 REGULATIONS UNDER THIS ACT. PRIORITY CONSIDERATION FOR INITIAL
20 DESIGNATION OF THESE ZONES BY THE DEPARTMENT SHALL BE GIVEN TO
21 ZONES LOCATED IN QUALIFYING MUNICIPALITIES THAT HAD AT LEAST
22 1,500 UNEMPLOYED PERSONS BASED UPON THE FEBRUARY 1998
23 PENNSYLVANIA CIVILIAN LABOR FORCE DATA BY CITY/BOROUGH/TOWNSHIP
24 OF RESIDENCE AS PUBLISHED BY THE DEPARTMENT OF LABOR AND
25 INDUSTRY. FOR ANY MUNICIPALITY FOR WHICH UNEMPLOYMENT DATA IS
26 NOT AVAILABLE IN THE FEBRUARY 1998 PENNSYLVANIA CIVILIAN LABOR
27 FORCE DATA BY CITY/BOROUGH/TOWNSHIP OF RESIDENCE AS PUBLISHED BY
28 THE DEPARTMENT OF LABOR AND INDUSTRY, THE DEPARTMENT OF LABOR
29 AND INDUSTRY SHALL DETERMINE THE NUMBER OF UNEMPLOYED PERSONS IN
30 THAT MUNICIPALITY BASED UPON UNEMPLOYMENT DATA IN THE MOST

1 RECENT FEDERAL DECENNIAL CENSUS.

2 SECTION 1307. ZONE DEVELOPMENT CORPORATION.

3 (A) DESIGNATION.--THE GOVERNING BODY OF A QUALIFYING
4 MUNICIPALITY MAY, BY ORDINANCE, DESIGNATE A NONPROFIT
5 CORPORATION ESTABLISHED PURSUANT TO THE PROVISIONS OF 15 PA.C.S.
6 (RELATING TO CORPORATIONS AND UNINCORPORATED ASSOCIATIONS) TO
7 ACT AS THE ZONE DEVELOPMENT CORPORATION FOR THE MUNICIPALITY. A
8 ZONE DEVELOPMENT CORPORATION SO DESIGNATED SHALL INCLUDE ON ITS
9 BOARD OF DIRECTORS REPRESENTATIVES OF THE GOVERNMENT OF THE
10 QUALIFYING MUNICIPALITY, MEMBERS OF THE BUSINESS COMMUNITY, AND
11 REPRESENTATIVES OF COMMUNITY ORGANIZATIONS IN THE MUNICIPALITY.
12 THE TOTAL MEMBERSHIP OF THE BOARD OF DIRECTORS SHALL BE BROADLY
13 REPRESENTATIVE OF BUSINESSES AND COMMUNITIES WITHIN THE
14 MUNICIPALITY NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW TO
15 THE CONTRARY.

16 (B) STATUS.--A ZONE DEVELOPMENT CORPORATION SHALL BE
17 CONSIDERED TO BE AN INDUSTRIAL DEVELOPMENT CORPORATION FOR THE
18 PURPOSE OF RECEIVING STATE FINANCIAL OR TECHNICAL ASSISTANCE AS
19 MAY BE AVAILABLE. THE CREATION OF A ZONE DEVELOPMENT CORPORATION
20 SHALL NOT PRECLUDE A QUALIFYING MUNICIPALITY FROM CREATING
21 ANOTHER INDUSTRIAL DEVELOPMENT CORPORATION FOR THE MUNICIPALITY
22 WITH RESPONSIBILITIES NOT RELATED TO THE DEVELOPMENT ZONE NOR
23 PRECLUDE THAT OTHER CORPORATION FROM RECEIVING STATE FINANCIAL
24 OR TECHNICAL ASSISTANCE.

25 SECTION 1308. PRELIMINARY ZONE DEVELOPMENT PLAN.

26 BEFORE APPLYING FOR DESIGNATION OF A DEVELOPMENT ZONE, THE
27 MUNICIPAL GOVERNING BODY SHALL CAUSE A PRELIMINARY ZONE
28 DEVELOPMENT PLAN TO BE FORMULATED, EITHER BY A ZONE DEVELOPMENT
29 CORPORATION OR BY THE GOVERNING BODY, WITH THE ASSISTANCE OF
30 THOSE OFFICERS AND AGENCIES OF THE MUNICIPALITY AS THE GOVERNING

1 BODY MAY SEE FIT. THE PRELIMINARY ZONE DEVELOPMENT PLAN SHALL
2 SET FORTH THE BOUNDARIES OF THE PROPOSED DEVELOPMENT ZONE,
3 FINDINGS OF FACT CONCERNING THE ECONOMIC AND SOCIAL CONDITIONS
4 EXISTING IN THE AREA PROPOSED FOR A DEVELOPMENT ZONE AND THE
5 MUNICIPALITY'S POLICY AND INTENTIONS FOR ADDRESSING THESE
6 CONDITIONS. THE PRELIMINARY ZONE DEVELOPMENT PLAN MAY INCLUDE
7 PROPOSALS RESPECTING:

8 (1) UTILIZING THE POWERS CONFERRED ON THE MUNICIPALITY
9 BY LAW FOR THE PURPOSE OF STIMULATING INVESTMENT IN AND
10 ECONOMIC DEVELOPMENT OF THE PROPOSED ZONE.

11 (2) UTILIZING STATE ASSISTANCE THROUGH THE PROVISIONS OF
12 THIS ACT RELATING TO STATE TAXES.

13 (3) SECURING THE INVOLVEMENT IN AND COMMITMENT TO ZONE
14 ECONOMIC DEVELOPMENT BY PRIVATE ENTITIES, INCLUDING ZONE
15 NEIGHBORHOOD ASSOCIATIONS, VOLUNTARY COMMUNITY ORGANIZATIONS
16 SUPPORTED BY RESIDENTS AND BUSINESSES IN THE DEVELOPMENT
17 ZONE.

18 (4) UTILIZING THE POWERS CONFERRED BY LAW TO REVISE
19 MUNICIPAL PLANNING AND ZONING ORDINANCES AND OTHER LAND USE
20 REGULATIONS AS THEY PERTAIN TO THE DEVELOPMENT ZONE, IN ORDER
21 TO ENHANCE THE ATTRACTION OF THE ZONE TO PROSPECTIVE
22 DEVELOPERS.

23 (5) INCREASING THE AVAILABILITY AND EFFICIENCY OF
24 SUPPORT SERVICES, PUBLIC AND PRIVATE, GENERALLY USED BY AND
25 NECESSARY FOR THE EFFICIENT FUNCTIONING OF COMMERCIAL AND
26 INDUSTRIAL FACILITIES IN THE AREA AND THE EXTENT TO WHICH THE
27 INCREASE OR IMPROVEMENT IS TO BE PROVIDED AND FINANCED BY THE
28 MUNICIPAL GOVERNMENT OR BY OTHER ENTITIES.

29 SECTION 1309. ELIGIBILITY FOR DESIGNATION.

30 AN AREA DEFINED BY A CONTINUOUS BORDER WITHIN ONE QUALIFYING

1 MUNICIPALITY OR WITHIN TWO OR MORE CONTIGUOUS QUALIFYING
2 MUNICIPALITIES AND TWO NONCONTIGUOUS AREAS EACH HAVING A
3 CONTINUOUS BORDER WITHIN TWO NONCONTIGUOUS QUALIFYING
4 MUNICIPALITIES SHALL BE ELIGIBLE FOR DESIGNATION AS A
5 DEVELOPMENT ZONE IF IT MEETS THE CRITERIA ESTABLISHED BY THE
6 DEPARTMENT UNDER THIS CHAPTER RELATING TO THE INCIDENCE OF
7 UNEMPLOYMENT AND GENERAL ECONOMIC DISTRESS.

8 SECTION 1310. PRIORITY DEVELOPMENT ZONES.

9 THE FIRST AREAS AND MUNICIPALITIES DESIGNATED AS DEVELOPMENT
10 ZONES BY THE DEPARTMENT SHALL BE THOSE AREAS AND MUNICIPALITIES
11 ACCORDED PRIORITY CONSIDERATION UNDER SECTION 1306.

12 SECTION 1311. DESIGNATION OF ELIGIBLE AREAS AS DEVELOPMENT
13 ZONES.

14 (A) GENERAL RULE.--IN DESIGNATING ELIGIBLE AREAS AS
15 DEVELOPMENT ZONES, THE DEPARTMENT SHALL ACCORD PREFERENCE TO
16 ZONE DEVELOPMENT PLANS WHICH:

17 (1) HAVE THE GREATEST POTENTIAL FOR SUCCESS IN
18 STIMULATING PRIMARILY NEW ECONOMIC ACTIVITY IN THE AREA.

19 (2) ARE DESIGNED TO ADDRESS THE GREATEST DEGREE OF
20 DISTRESS, AS MEASURED BY EXISTING LEVELS OF UNEMPLOYMENT,
21 POVERTY AND PROPERTY TAX ARREARAGES.

22 (3) DEMONSTRATE THE MOST SUBSTANTIAL AND RELIABLE
23 COMMITMENTS OF RESOURCES BY ZONE BUSINESSES, ZONE
24 NEIGHBORHOOD ASSOCIATIONS, VOLUNTARY COMMUNITY ORGANIZATIONS
25 AND OTHER PRIVATE ENTITIES TO THE ECONOMIC SUCCESS OF THE
26 ZONE.

27 (4) DEMONSTRATE THE MOST SUBSTANTIAL EFFORT AND
28 COMMITMENT BY THE MUNICIPALITY TO ENCOURAGE ECONOMIC ACTIVITY
29 IN THE AREA AND TO REMOVE DISINCENTIVES FOR JOB CREATION
30 COMPATIBLE WITH THE FISCAL CONDITION OF THE MUNICIPALITY.

1 (B) ADDITIONAL CONSIDERATIONS.--IN ADDITION TO THE
2 CONSIDERATIONS SET FORTH IN SUBSECTION (A), THE DEPARTMENT IN
3 EVALUATING A ZONE DEVELOPMENT PLAN FOR DESIGNATION PURPOSES
4 SHALL CONSIDER:

5 (1) THE LIKELIHOOD OF ATTRACTING FEDERAL ASSISTANCE TO
6 PROJECTS IN THE ELIGIBLE AREA AND OF OBTAINING FEDERAL
7 DESIGNATION OF THE AREA AS AN ENTERPRISE ZONE FOR FEDERAL TAX
8 PURPOSES.

9 (2) THE ADVERSE OR BENEFICIAL EFFECTS OF A DEVELOPMENT
10 ZONE LOCATED AT THE PROPOSED AREA UPON ECONOMIC DEVELOPMENT
11 ACTIVITIES OR PROJECTS OF STATE OR OTHER PUBLIC AGENCIES OR
12 AUTHORITIES WHICH ARE IN OPERATION, OR ARE APPROVED FOR
13 OPERATION, IN THE QUALIFYING MUNICIPALITY.

14 (3) THE DEGREE OF COMMITMENT MADE BY PUBLIC AND PRIVATE
15 ENTITIES TO UTILIZE MINORITY CONTRACTORS AND ASSURE EQUAL
16 OPPORTUNITIES FOR EMPLOYMENT IN CONNECTION WITH ANY
17 CONSTRUCTION OR RECONSTRUCTION TO BE UNDERTAKEN IN THE
18 ELIGIBLE AREA.

19 (4) THE IMPACT OF THE ZONE DEVELOPMENT PLAN UPON THE
20 SOCIAL, NATURAL AND HISTORIC ENVIRONMENT OF THE ELIGIBLE
21 AREA.

22 (5) THE DEGREE TO WHICH THE IMPLEMENTATION OF THE PLAN
23 INVOLVES THE RELOCATION OF RESIDENTS FROM THE ELIGIBLE AREA
24 AND THE ADEQUACY OF COMMITMENTS AND PROVISIONS WITH RESPECT
25 THERETO.

26 SECTION 1312. APPLICATION FOR DESIGNATION; GRANT OR DENIAL;
27 ADOPTION OF ORDINANCE OF ACCEPTANCE.

28 (A) APPLICATION.--A QUALIFYING MUNICIPALITY MAY DESIGNATE
29 ANY AREA SET FORTH IN THE ZONE DEVELOPMENT PLAN AS A DEVELOPMENT
30 ZONE. THE MUNICIPALITY MAY THEN MAKE WRITTEN APPLICATION TO THE

1 DEPARTMENT TO HAVE THE AREA SELECTED FOR FEDERAL AND STATE
2 ASSISTANCE OFFERED TO DEVELOPMENT ZONES OR EITHER TYPE OF
3 ASSISTANCE. THE APPLICATION SHALL INCLUDE THE ZONE DEVELOPMENT
4 PLAN ADOPTED FOR THE AREA AND ANY OTHER INFORMATION THE
5 DEPARTMENT MAY REQUIRE.

6 (B) REVIEW.--UPON RECEIPT OF AN APPLICATION FROM THE
7 QUALIFYING MUNICIPALITY, THE DEPARTMENT SHALL REVIEW THE
8 APPLICATION TO DETERMINE WHETHER THE AREA DESCRIBED IN THE
9 APPLICATION QUALIFIES FOR STATE ASSISTANCE UNDER THE CRITERIA OF
10 THIS CHAPTER.

11 (C) PROCEDURE.--THE DEPARTMENT SHALL ESTABLISH A DATE FOR
12 THE RECEIPT OF INITIAL APPLICATIONS FOR DESIGNATIONS UNDER THIS
13 CHAPTER, WHICH SHALL BE WITHIN ONE YEAR OF THE EFFECTIVE DATE OF
14 THIS SECTION. THEREAFTER, THE DEPARTMENT SHALL COMPLETE ITS
15 REVIEW WITHIN 90 DAYS OF RECEIPT OF AN APPLICATION, BUT MAY
16 EXTEND THIS TIME PERIOD BY AN ADDITIONAL 60 DAYS IF NECESSARY.
17 IF THE DEPARTMENT DENIES THE APPLICATION, IT SHALL INFORM THE
18 MUNICIPALITY OF THAT FACT IN WRITING SETTING FORTH THE REASONS
19 FOR THE DENIAL.

20 (D) ORDINANCE.--THE DESIGNATION OF A DEVELOPMENT ZONE BY THE
21 DEPARTMENT SHALL TAKE EFFECT UPON THE ADOPTION BY THE QUALIFYING
22 MUNICIPALITY OF AN ORDINANCE ACCEPTING THAT DESIGNATION.
23 SECTION 1313. BENEFITS AVAILABLE TO QUALIFIED BUSINESS.

24 A QUALIFIED BUSINESS IN A DEVELOPMENT ZONE SHALL BE ELIGIBLE
25 TO RECEIVE THOSE BENEFITS AUTHORIZED IN SECTIONS 1314 THROUGH
26 1318 AS DETERMINED TO BE APPLICABLE BY THE DEPARTMENT. THE
27 DEPARTMENT SHALL STATE IN WRITING TO THE QUALIFYING MUNICIPALITY
28 AT THE TIME OF DESIGNATION ITS DETERMINATIONS AS TO WHICH
29 BENEFITS APPLY IN THAT DEVELOPMENT ZONE.

30 SECTION 1314. AWARD; ELIGIBILITY OF QUALIFIED BUSINESS;

1 SCHEDULE.

2 A QUALIFIED BUSINESS SHALL BE ELIGIBLE FOR AN AWARD BASED
3 UPON THE AMOUNT OF UNEMPLOYMENT INSURANCE TAX IT HAS PAID FOR
4 THOSE NEW EMPLOYEES WHO MEET THE CRITERIA SET FORTH IN THE
5 DEFINITION OF "QUALIFIED BUSINESS" UNDER SECTION 1303. THE AWARD
6 SHALL APPLY ONLY TO THOSE NEW EMPLOYEES WHOSE GROSS SALARIES ARE
7 LESS THAN \$4,500 PER QUARTER AND SHALL COMMENCE IN THE NEXT
8 SUCCEEDING QUARTER. THE AWARD SHALL BE BASED ON THE FOLLOWING
9 SCHEDULE:

10	FIRST FOUR YEARS IN ZONE	AN AMOUNT EQUAL TO 50% OF THE
11		EMPLOYER'S UNEMPLOYMENT
12		INSURANCE PAYMENT.
13	SECOND FOUR YEARS IN ZONE	AN AMOUNT EQUAL TO 40% OF THE
14		EMPLOYER'S UNEMPLOYMENT
15		INSURANCE PAYMENT.
16	THIRD FOUR YEARS IN ZONE	AN AMOUNT EQUAL TO 30% OF THE
17		EMPLOYER'S UNEMPLOYMENT
18		INSURANCE PAYMENT.
19	FOURTH FOUR YEARS IN ZONE	AN AMOUNT EQUAL TO 20% OF THE
20		EMPLOYER'S UNEMPLOYMENT
21		INSURANCE PAYMENT.
22	FIFTH FOUR YEARS IN ZONE	AN AMOUNT EQUAL TO 10% OF THE
23		EMPLOYER'S UNEMPLOYMENT
24		INSURANCE PAYMENT.

25 SECTION 1315. BUSINESS TAX EXEMPTION.

26 A QUALIFIED BUSINESS SUBJECT TO THE PROVISIONS OF ARTICLE VI
27 OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX
28 REFORM CODE OF 1971, EMPLOYING A LARGER NUMBER OF PERSONS AT A
29 PLACE OF BUSINESS LOCATED WITHIN A DEVELOPMENT ZONE THAN AT ALL
30 OTHER PLACES OF BUSINESS OF THE TAXPAYER WITHIN THIS

1 COMMONWEALTH SHALL BE EXEMPT FROM THE TAX IMPOSED PURSUANT TO
2 ARTICLE VI OF THE TAX REFORM CODE OF 1971 FOR A PERIOD OF 20 TAX
3 YEARS FROM THE DATE OF DESIGNATION OF THE DEVELOPMENT ZONE, OR
4 FOR A PERIOD OF 20 TAX YEARS FROM THE DATE UPON WHICH THE
5 TAXPAYER IS FIRST SUBJECT TO THE PROVISIONS OF ARTICLE VI OF THE
6 TAX REFORM CODE OF 1971, WHICHEVER DATE IS LATER. THE
7 TERMINATION OF THE DESIGNATION OF A DEVELOPMENT ZONE SHALL NOT
8 TERMINATE THE EXEMPTION PROVIDED UNDER THIS SECTION IF THE
9 EXEMPTION WAS GRANTED PRIOR TO THE END OF THE DESIGNATION
10 PERIOD.

11 SECTION 1316. DEVELOPMENT ZONE EMPLOYEE OR INVESTMENT TAX
12 CREDITS; LIMITATIONS AND CARRYOVERS.

13 DEVELOPMENT ZONE EMPLOYEE TAX CREDITS OR DEVELOPMENT ZONE
14 INVESTMENT TAX CREDITS PROVIDED UNDER THIS CHAPTER SHALL NOT
15 REDUCE A TAXPAYER'S TAX LIABILITY UNDER THE ACT OF MARCH 4, 1971
16 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, FOR THE TAX
17 TO WHICH THE TAX CREDIT APPLIES IN ANY TAX YEAR BY MORE THAN 50%
18 OF THE AMOUNT OTHERWISE DUE; BUT EITHER EMPLOYEE TAX CREDITS OR
19 INVESTMENT TAX CREDITS REMAINING AND UNUSED IN A TAX YEAR MAY BE
20 CARRIED FORWARD BY THE TAXPAYER TO THE NEXT SUCCEEDING TAX YEAR
21 AND APPLIED AGAINST 50% OF THE AMOUNT OF TAX OTHERWISE DUE IN
22 THAT SUCCEEDING TAX YEAR.

23 SECTION 1317. DEVELOPMENT ZONE EMPLOYEE TAX CREDIT;
24 QUALIFICATIONS; AMOUNT.

25 ANY QUALIFIED BUSINESS SUBJECT TO THE PROVISIONS OF PART IV
26 OR IV-A OF ARTICLE III OR ARTICLE IV OF THE ACT OF MARCH 4, 1971
27 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, AS ACTIVELY
28 ENGAGED IN THE CONDUCT OF BUSINESS FROM A LOCATION WITHIN A
29 DEVELOPMENT ZONE WHICH DOES BUSINESS AT THAT LOCATION CONSISTING
30 PRIMARILY OF MANUFACTURING OR OTHER BUSINESS THAT IS NOT RETAIL

1 SALES OR WAREHOUSING-ORIENTED SHALL RECEIVE A DEVELOPMENT ZONE
2 EMPLOYEE TAX CREDIT AGAINST THE AMOUNT OF TAX IMPOSED UNDER PART
3 IV OR IV-A OF ARTICLE III OR ARTICLE IV OF THE TAX REFORM CODE
4 OF 1971.

5 (1) A ONE-TIME CREDIT OF \$1,500 FOR EACH NEW FULL-TIME,
6 PERMANENT EMPLOYEE EMPLOYED AT THAT LOCATION WHO:

7 (I) IS A RESIDENT OF THE QUALIFYING MUNICIPALITY IN
8 WHICH THE DEVELOPMENT ZONE IS LOCATED OR OF ANY OTHER
9 QUALIFYING MUNICIPALITY IN WHICH A DEVELOPMENT ZONE IS
10 LOCATED; AND

11 (II) IMMEDIATELY PRIOR TO EMPLOYMENT BY THE TAXPAYER
12 WAS UNEMPLOYED FOR AT LEAST 90 DAYS OR WAS DEPENDENT UPON
13 PUBLIC ASSISTANCE AS THE PRIMARY SOURCE OF INCOME.

14 (2) A ONE-TIME CREDIT OF \$500 FOR EACH NEW FULL-TIME,
15 PERMANENT EMPLOYEE EMPLOYED AT THAT LOCATION WHO:

16 (I) IS A RESIDENT OF A QUALIFYING MUNICIPALITY IN
17 WHICH THE DEVELOPMENT ZONE IS LOCATED OR OF ANY OTHER
18 QUALIFYING MUNICIPALITY IN WHICH A DEVELOPMENT ZONE IS
19 LOCATED;

20 (II) DOES NOT MEET THE REQUIREMENTS OF PARAGRAPH
21 (1); AND

22 (III) WAS NOT, IMMEDIATELY PRIOR TO EMPLOYMENT BY
23 THE TAXPAYER, EMPLOYED AT A LOCATION WITHIN THE
24 QUALIFYING MUNICIPALITY.

25 (3) A QUALIFIED BUSINESS WHICH IS NOT ENTITLED TO AN
26 EMPLOYEE TAX CREDIT UNDER THIS SECTION BUT WHICH MEETS THE
27 ELIGIBILITY CRITERIA UNDER SECTION 1325(3) SHALL RECEIVE A
28 ONE-TIME CREDIT IN AN AMOUNT EQUAL TO 8% OF EACH NEW
29 INVESTMENT MADE BY THE QUALIFIED BUSINESS IN THE DEVELOPMENT
30 ZONE UNDER AN AGREEMENT APPROVED BY THE DEPARTMENT. THIS

1 CREDIT SHALL BE APPLIED AGAINST THE TAXPAYER'S TAX LIABILITY
2 UNDER PART IV OR IV-A OF ARTICLE III OR ARTICLE IV SUBJECT TO
3 THE LIMITATIONS AND CARRYFORWARD PROVISIONS SET FORTH IN
4 SECTION 1316. A QUALIFIED BUSINESS MAY NOT CLAIM AN EMPLOYEE
5 TAX CREDIT AND AN INVESTMENT TAX CREDIT AUTHORIZED UNDER THIS
6 PARAGRAPH IN THE SAME YEAR, REGARDLESS OF WHETHER THOSE
7 CREDITS WERE EARNED FOR THE TAX YEAR OR CARRIED FORWARD FROM
8 A PREVIOUS YEAR.

9 (4) THE DEVELOPMENT ZONE EMPLOYEE TAX CREDIT SHALL BE
10 ALLOWED IN THE TAX YEAR IMMEDIATELY FOLLOWING THE TAX YEAR IN
11 WHICH THE NEW FULL-TIME, PERMANENT EMPLOYEE WAS FIRST
12 EMPLOYED BY THE TAXPAYER AND SHALL BE PERMITTED IN ANY TAX
13 YEAR OF A 20-YEAR PERIOD FROM THE DATE OF DESIGNATION OF THE
14 DEVELOPMENT ZONE OR OF A PERIOD OF 20 TAX YEARS FROM THE DATE
15 WITHIN THAT DESIGNATION PERIOD UPON WHICH THE TAXPAYER IS
16 FIRST SUBJECT TO THE PROVISIONS OF PART IV OR IV-A OF ARTICLE
17 III OR ARTICLE IV OF THE TAX REFORM CODE OF 1971, WHICHEVER
18 DATE IS LATER. THE TERMINATION OF THE DESIGNATION OF A
19 DEVELOPMENT ZONE SHALL NOT TERMINATE THE ELIGIBILITY PERIOD
20 PROVIDED UNDER THIS SECTION.

21 (5) A TAX CREDIT SHALL BE PERMITTED UNDER THIS SECTION
22 ONLY FOR THOSE NEW FULL-TIME, PERMANENT EMPLOYEES WHO HAVE
23 BEEN EMPLOYED FOR AT LEAST SIX CONTINUOUS MONTHS BY THE
24 TAXPAYER DURING THE TAX YEAR FOR WHICH THE TAX CREDIT IS
25 CLAIMED.

26 (6) A NEWLY EMPLOYED EMPLOYEE SHALL NOT BE DEEMED A NEW
27 FULL-TIME, PERMANENT EMPLOYEE FOR THE PURPOSES OF THIS
28 SECTION UNLESS THE TOTAL NUMBER OF FULL-TIME, PERMANENT
29 EMPLOYEES, INCLUDING THE NEWLY EMPLOYED EMPLOYEE, EMPLOYED BY
30 THE EMPLOYER IN THE DEVELOPMENT ZONE DURING THE CALENDAR YEAR

1 EXCEEDS THE GREATEST NUMBER OF FULL-TIME, PERMANENT EMPLOYEES
2 EMPLOYED IN THE DEVELOPMENT ZONE BY THE EMPLOYER DURING ANY
3 PRIOR CALENDAR YEAR DURING THE PERIOD COMMENCING WITH THE
4 DATE OF DEVELOPMENT ZONE DESIGNATION.

5 SECTION 1318. SALES AND USE TAX.

6 (A) GENERAL RULE.--EXCEPT AS SET FORTH IN SUBSECTION (B),
7 RETAIL SALES OF TANGIBLE PERSONAL PROPERTY AND SALES OF SERVICES
8 TO A QUALIFIED BUSINESS FOR THE EXCLUSIVE USE OR CONSUMPTION OF
9 SUCH BUSINESS WITHIN A DEVELOPMENT ZONE ARE EXEMPT FROM THE
10 TAXES IMPOSED UNDER SECTION 202 OF THE ACT OF MARCH 4, 1971
11 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

12 (B) EXCEPTION.--SUBSECTION (A) DOES NOT APPLY TO RETAIL
13 SALES OF ANY OF THE FOLLOWING:

14 (1) MOTOR VEHICLES THE SALE OF WHICH IS OTHERWISE
15 TAXABLE UNDER ARTICLE II OF THE TAX REFORM CODE OF 1971.

16 (2) "LIQUOR" OR "MALT OR BREWED BEVERAGES" AS DEFINED IN
17 SECTION 102 OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21),
18 KNOWN AS THE LIQUOR CODE.

19 (3) "CIGARETTES" AS DEFINED IN SECTION 1201 OF THE TAX
20 REFORM CODE OF 1971.

21 (4) UTILITY SERVICES.

22 (5) TELECOMMUNICATIONS SERVICES.

23 (6) ENERGY.

24 SECTION 1319. PARTIAL EXEMPTION; CERTIFICATION; DISPOSITION OF
25 REVENUE.

26 (A) PARTIAL EXEMPTION.--

27 (1) EXCEPT AS SET FORTH IN PARAGRAPH (2), RETAIL SALES
28 MADE BY A CERTIFIED VENDOR FROM A PLACE OF BUSINESS OWNED OR
29 LEASED AND REGULARLY OPERATED BY THE VENDOR FOR THE PURPOSE
30 OF MAKING RETAIL SALES AND LOCATED IN A DEVELOPMENT ZONE ARE

1 EXEMPT FROM 50% OF THE TAX IMPOSED BY SECTION 202 OF THE ACT
2 OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE
3 OF 1971.

4 (2) PARAGRAPH (1) DOES NOT APPLY TO RETAIL SALES OF ANY
5 OF THE FOLLOWING:

6 (I) MOTOR VEHICLES THE SALE OF WHICH IS OTHERWISE
7 TAXABLE UNDER ARTICLE II OF THE TAX REFORM CODE OF 1971.

8 (II) "LIQUOR" OR "MALT OR BREWED BEVERAGES" AS
9 DEFINED IN SECTION 102 OF THE ACT OF APRIL 12, 1951
10 (P.L.90, NO.21), KNOWN AS THE LIQUOR CODE.

11 (III) "CIGARETTES" AS DEFINED IN SECTION 1201 OF THE
12 TAX REFORM CODE OF 1971.

13 (IV) MANUFACTURING MACHINERY, EQUIPMENT OR
14 APPARATUS.

15 (V) ENERGY.

16 (B) CERTIFICATION.--ANY VENDOR THAT IS A QUALIFIED BUSINESS
17 HAVING A PLACE OF BUSINESS LOCATED IN A DEVELOPMENT ZONE MAY
18 APPLY TO THE DEPARTMENT OF REVENUE FOR CERTIFICATION UNDER THIS
19 SECTION. THE DEPARTMENT OF REVENUE SHALL CERTIFY A VENDOR IF IT
20 FINDS THAT THE VENDOR OWNS OR LEASES AND REGULARLY OPERATES A
21 PLACE OF BUSINESS LOCATED IN THE DEVELOPMENT ZONE FOR THE
22 PURPOSE OF MAKING RETAIL SALES, THAT ITEMS ARE REGULARLY
23 EXHIBITED AND OFFERED FOR RETAIL SALE AT THAT LOCATION AND THAT
24 THE PLACE OF BUSINESS IS NOT UTILIZED PRIMARILY FOR THE PURPOSE
25 OF CATALOG OR MAIL ORDER SALES. THE CERTIFICATION UNDER THIS
26 SECTION SHALL REMAIN IN EFFECT DURING THE TIME THE BUSINESS
27 RETAINS ITS STATUS AS A QUALIFIED BUSINESS MEETING THE
28 ELIGIBILITY CRITERIA OF SECTION 1325. THE DEPARTMENT OF REVENUE
29 MAY REVOKE A CERTIFICATION GRANTED UNDER THIS SECTION IF IT
30 DETERMINES THAT THE VENDOR NO LONGER COMPLIES WITH THE

1 PROVISIONS OF THIS SECTION NOTWITHSTANDING ANY OTHER PROVISIONS
2 OF LAW TO THE CONTRARY.

3 (C) DISPOSITION OF REVENUE.--

4 (1) AFTER FIRST DEPOSITING 10% OF THE GROSS AMOUNT OF
5 REVENUE RECEIVED FROM THE TAXATION OF RETAIL SALES MADE BY
6 CERTIFIED VENDORS FROM BUSINESS LOCATIONS IN DEVELOPMENT
7 ZONES TO WHICH THE EXEMPTION UNDER SUBSECTION (A) APPLIES
8 INTO THE ACCOUNT CREATED IN THE NAME OF THE DEPARTMENT IN THE
9 FUND, PURSUANT TO SECTION 1327, THE REMAINING 90% SHALL BE
10 DEPOSITED IMMEDIATELY UPON COLLECTION BY THE TREASURY
11 DEPARTMENT, AS FOLLOWS:

12 (I) IN THE FIRST FIVE-YEAR PERIOD DURING WHICH THE
13 COMMONWEALTH HAS COLLECTED REDUCED RATE REVENUES WITHIN A
14 DEVELOPMENT ZONE, ALL OF THAT REVENUE SHALL BE DEPOSITED
15 IN THE FUND.

16 (II) IN THE SECOND FIVE-YEAR PERIOD DURING WHICH THE
17 COMMONWEALTH HAS COLLECTED REDUCED RATE REVENUES WITHIN A
18 DEVELOPMENT ZONE, 66 2/3% OF THAT REVENUE SHALL BE
19 DEPOSITED IN THE FUND; AND 33 1/3% SHALL BE DEPOSITED IN
20 THE GENERAL FUND.

21 (III) IN THE THIRD FIVE-YEAR PERIOD DURING WHICH THE
22 COMMONWEALTH HAS COLLECTED REDUCED RATE REVENUES WITHIN A
23 DEVELOPMENT ZONE, 33 1/3% OF THAT REVENUE SHALL BE
24 DEPOSITED IN THE FUND; AND 66 2/3% SHALL BE DEPOSITED IN
25 THE GENERAL FUND.

26 (IV) IN THE FINAL PERIOD, OF THE LESSER OF FIVE
27 YEARS OR THE EXISTENCE OF THE DEVELOPMENT ZONE DURING
28 WHICH THE COMMONWEALTH HAS COLLECTED REDUCED RATE
29 REVENUES WITHIN A DEVELOPMENT ZONE, ALL OF THAT REVENUE
30 SHALL BE DEPOSITED IN THE GENERAL FUND.

1 (2) NO DEVELOPMENT ZONE SHALL RECEIVE THE DEPOSIT
2 BENEFIT GRANTED BY ANY ONE SUBPARAGRAPH OF PARAGRAPH (1) FOR
3 MORE THAN FIVE CUMULATIVE YEARS.

4 (3) THE REVENUES REQUIRED TO BE DEPOSITED IN THE FUND
5 UNDER THIS SECTION SHALL BE USED FOR THE PURPOSES OF THAT
6 FUND AND FOR THE USES PRESCRIBED IN SECTION 1327, SUBJECT TO
7 ANNUAL APPROPRIATIONS BEING MADE FOR THOSE PURPOSES AND USES.

8 (D) ALTERNATE DISPOSITION OF REVENUE.--IF THE PARTIAL
9 EXEMPTION PROVIDED IN THIS SECTION CANNOT TAKE EFFECT BECAUSE OF
10 THE JUDGMENT OF A COURT OF COMPETENT JURISDICTION HOLDING IT
11 UNCONSTITUTIONAL, 50% OF THE GROSS AMOUNT OF REVENUE RECEIVED
12 FROM THE TAXATION OF RETAIL SALES MADE BY CERTIFIED VENDORS FROM
13 BUSINESS LOCATIONS IN DEVELOPMENT ZONES TO WHICH THE EXEMPTION
14 WOULD HAVE OTHERWISE APPLIED SHALL BE DEPOSITED IN THE FUND IN
15 THE AMOUNTS AND FOR THE PURPOSES PROVIDED IN THIS CHAPTER.
16 SECTION 1320. REGULATIONS.

17 (A) DEPARTMENT OF REVENUE.--THE DEPARTMENT OF REVENUE SHALL
18 PROMULGATE REGULATIONS AS NECESSARY TO EFFECTUATE THE PROVISIONS
19 OF SECTIONS 1315 THROUGH 1319, AND SECTIONS 1325 AND 1327.

20 (B) DEPARTMENT.--THE DEPARTMENT SHALL PROMULGATE REGULATIONS
21 AS MAY BE NECESSARY TO EFFECTUATE THE PROVISIONS OF SECTION
22 1314.

23 SECTION 1321. STATE FINANCING ASSISTANCE; PRIORITY TO PROJECT
24 IN MUNICIPALITY WITH DEVELOPMENT ZONE.

25 NOTWITHSTANDING ANY PROVISIONS OF THE ACT OF MAY 17, 1956
26 (1955 P.L.1609, NO.537), KNOWN AS THE PENNSYLVANIA INDUSTRIAL
27 DEVELOPMENT AUTHORITY ACT OR ANY OTHER ACT TO THE CONTRARY,
28 PROJECTS WHICH ARE OTHERWISE ELIGIBLE UNDER THE PENNSYLVANIA
29 INDUSTRIAL DEVELOPMENT AUTHORITY ACT OR OTHER STATUTE, BUT WHICH
30 ARE LOCATED IN A MUNICIPALITY IN WHICH THERE IS A DEVELOPMENT

1 ZONE DESIGNATED, SHALL, UPON THE WRITTEN RECOMMENDATION OF THE
2 DEPARTMENT, BE ACCORDED PRIORITY AND THE LOWEST INTEREST RATE
3 PROVIDED OVER OTHER ELIGIBLE PROJECTS IN RECEIVING ASSISTANCE
4 FROM THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY OR FROM
5 ANY AGENCY OR AUTHORITY.

6 SECTION 1322. SKILL TRAINING PROGRAMS; DELIVERY.

7 THE DEPARTMENT OF LABOR AND INDUSTRY AND THE DEPARTMENT OF
8 EDUCATION SHALL JOINTLY DEVELOP AND COORDINATE THE DELIVERY OF
9 SKILL TRAINING PROGRAMS NECESSARY TO MEET THE NEEDS OF
10 QUALIFYING BUSINESSES.

11 SECTION 1323. REGULATIONS; EXEMPTION OF DEVELOPMENT ZONES.

12 IN ORDER TO CARRY OUT THE PURPOSES OF THIS CHAPTER, ANY
13 COMMONWEALTH OR LOCAL AGENCY MAY EXEMPT DESIGNATED DEVELOPMENT
14 ZONES FROM THE PROVISIONS OF ANY REGULATION PROMULGATED BY THAT
15 ENTITY OR AGENCY, UPON FINDING BY THE AGENCY THAT THE EXEMPTION
16 WOULD NOT ENDANGER THE HEALTH AND SAFETY OF THE CITIZENS OF THIS
17 COMMONWEALTH.

18 SECTION 1324. REVIEW OF STATE REGULATIONS BY DEPARTMENT.

19 THE DEPARTMENT SHALL CONDUCT A CONTINUING REVIEW OF ALL
20 COMMONWEALTH REGULATIONS AND SHALL RECOMMEND TO THE APPROPRIATE
21 ADMINISTRATIVE BODIES INCLUDING THE INDEPENDENT REGULATORY
22 REVIEW COMMISSION THE MODIFICATION OR WAIVER OF REGULATIONS
23 PROMULGATED BY THAT AGENCY IN ORDER TO CONTRIBUTE TO THE
24 IMPLEMENTATION OF THIS CHAPTER.

25 SECTION 1325. ELIGIBILITY FOR INCENTIVES BY QUALIFIED BUSINESS.

26 TO BE ELIGIBLE FOR ANY OF THE INCENTIVES PROVIDED UNDER THIS
27 ACT, A QUALIFIED BUSINESS MUST DEMONSTRATE TO THE SATISFACTION
28 OF THE DEPARTMENT THAT:

29 (1) THE BUSINESS WILL CREATE NEW EMPLOYMENT IN THE
30 MUNICIPALITY.

1 (2) THE BUSINESS WILL NOT CREATE UNEMPLOYMENT IN OTHER
2 AREAS OF THIS COMMONWEALTH, INCLUDING THE MUNICIPALITY IN
3 WHICH THE ZONE IS LOCATED.

4 (3) FOR THE PURPOSES OF ELIGIBILITY FOR THE INCENTIVES
5 PROVIDED UNDER SECTIONS 1315, 1317, 1318 AND 1319, A
6 QUALIFIED BUSINESS SHALL NOT BE REQUIRED TO MEET THE
7 REQUIREMENTS OF PARAGRAPH (1) IF ALL OF THE FOLLOWING APPLY:

8 (I) AT THE TIME OF DESIGNATION OF THE DEVELOPMENT
9 ZONE OR AT THE TIME ZONE DESIGNATION IS EXTENDED BY
10 EXPANSION TO THE LOCATION OF A BUSINESS, THE QUALIFIED
11 BUSINESS HAD BEEN ENGAGED IN THE ACTIVE CONDUCT OF A
12 TRADE OR BUSINESS IN THAT ZONE OR IN THE ADDED AREA OF
13 THAT ZONE FOR AT LEAST ONE YEAR.

14 (II) THE QUALIFIED BUSINESS EMPLOYS FEWER THAN 50
15 EMPLOYEES.

16 (III) THE QUALIFIED BUSINESS HAS ENTERED INTO AN
17 AGREEMENT, APPROVED BY THE DEPARTMENT, WITH THE GOVERNING
18 BODY OF THE QUALIFYING MUNICIPALITY IN WHICH THE
19 DEVELOPMENT ZONE IS LOCATED UNDER WHICH THE QUALIFIED
20 BUSINESS AGREES TO UNDERTAKE AN INVESTMENT IN THE
21 DEVELOPMENT ZONE IN LIEU OF THE EMPLOYMENT OF NEW
22 EMPLOYEES. AN INVESTMENT UNDER THIS SUBPARAGRAPH MUST BE
23 IN AN AMOUNT AND OF A NATURE WHICH THE MUNICIPAL
24 GOVERNING BODY AND THE DEPARTMENT FIND CONTRIBUTE
25 SUBSTANTIALLY TO THE ECONOMIC ATTRACTIVENESS OF THE
26 DEVELOPMENT ZONE. AN INVESTMENT UNDER THIS SUBPARAGRAPH
27 INCLUDES ALL OF THE FOLLOWING:

28 (A) IMPROVEMENT OF THE EXTERIOR APPEARANCE OR
29 CUSTOMER FACILITIES OF THE PROPERTY CONSTITUTING THE
30 PLACE OF BUSINESS OF THE QUALIFIED BUSINESS WITHIN

1 THE ZONE IF THE IMPROVEMENT IS OF A PERMANENT NATURE
2 AND NOT REQUIRED TO MEET EXISTING ORDINANCES OR CODE
3 REGULATIONS.

4 (B) PURCHASE OF EQUIPMENT BY THE QUALIFIED
5 BUSINESS IF THE EQUIPMENT IS TO BE USED EXCLUSIVELY
6 IN THE DEVELOPMENT ZONE.

7 (C) MONETARY CONTRIBUTIONS TO THE QUALIFYING
8 MUNICIPALITY TO UNDERTAKE IMPROVEMENTS TO INCREASE
9 THE SAFETY OR ATTRACTIVENESS OF THE ZONE TO
10 BUSINESSES WHICH MAY WISH TO LOCATE THERE OR TO
11 CONSUMER VISITORS TO THE ZONE. THIS CLAUSE INCLUDES
12 LITTER CLEANUP AND CONTROL; LANDSCAPING; PARKING
13 AREAS AND FACILITIES; RECREATIONAL AND REST AREAS AND
14 FACILITIES; REPAIR OR IMPROVEMENTS TO PUBLIC STREETS,
15 CURBING, SIDEWALKS AND PEDESTRIAN THOROUGHFARES;
16 STREET LIGHTING; AND INCREASED POLICE, FIRE OR
17 SANITATION SERVICES IN THE DEVELOPMENT ZONE.

18 (4) IN ORDER TO MEET THE REQUIREMENT OF PARAGRAPH
19 (3)(III), IF THE QUALIFIED BUSINESS EMPLOYS LESS THAN 11
20 INDIVIDUALS, AN INVESTMENT MUST BE IN AN AMOUNT OF AT LEAST
21 \$5,000, IF THE QUALIFIED BUSINESS EMPLOYS MORE THAN TEN
22 INDIVIDUALS, AN INVESTMENT MUST BE IN AN AMOUNT OF AT LEAST
23 THE NUMBER OF INDIVIDUALS EMPLOYED TIMES \$500. A QUALIFIED
24 BUSINESS MUST MAKE AN INVESTMENT FOR EACH YEAR THE QUALIFIED
25 BUSINESS DOES NOT MEET THE REQUIREMENTS OF PARAGRAPH (1). IN
26 ORDER TO RECEIVE THE INCENTIVES PERMITTED BY THIS SECTION,
27 THE BUSINESS MUST PROVIDE WRITTEN EVIDENCE OF THE INVESTMENT
28 TO THE DEPARTMENT.

29 SECTION 1326. QUALIFIED BUSINESS RECIPIENT OF BENEFITS; ANNUAL
30 CERTIFICATION.

1 (A) REQUIREMENT.--A FIRM THAT RECEIVES ANY BENEFITS SET
2 FORTH IN SECTIONS 1314 THROUGH 1322 SHALL ANNUALLY CERTIFY TO
3 THE DEPARTMENT THAT IT IS A QUALIFIED BUSINESS.

4 (B) PENALTY.--

5 (1) A FIRM MAY NOT DO ANY OF THE FOLLOWING:

6 (I) FAIL TO MAKE THE CERTIFICATION UNDER SUBSECTION
7 (A).

8 (II) INTENTIONALLY FALSIFY DATA IN THE CERTIFICATION
9 UNDER SUBSECTION (A).

10 (2) A FIRM THAT VIOLATES PARAGRAPH (1) COMMITS A
11 MISDEMEANOR OF THE SECOND DEGREE AND SHALL, UPON CONVICTION,
12 BE SENTENCED TO PAY A FINE IN THE AMOUNT OF NOT MORE THAN
13 \$5,000 OR TO IMPRISONMENT OF NOT MORE THAN TWO YEARS, OR
14 BOTH.

15 SECTION 1327. FUND.

16 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED THE ECONOMIC
17 DEVELOPMENT ZONE ASSISTANCE FUND TO BE HELD BY THE STATE
18 TREASURER. THE FUND SHALL BE THE REPOSITORY FOR ALL MONEY
19 REQUIRED TO BE DEPOSITED UNDER SECTION 1319 AND MONEY
20 APPROPRIATED ANNUALLY TO THE FUND. ALL MONEY DEPOSITED IN THE
21 FUND SHALL BE HELD AND DISBURSED IN THE AMOUNTS NECESSARY TO
22 FULFILL THE PURPOSES OF THIS SECTION. THE STATE TREASURER MAY
23 INVEST AND REINVEST ANY MONEY IN THE FUND IN LEGAL OBLIGATIONS
24 OF THE UNITED STATES OR OF THE COMMONWEALTH OR OF ANY POLITICAL
25 SUBDIVISION. ANY INCOME FROM MONEY SO INVESTED OR REINVESTED
26 SHALL BE INCLUDED IN THE FUND. THE STATE TREASURER SHALL
27 MAINTAIN SEPARATE ACCOUNTS FOR EACH DEVELOPMENT ZONE DESIGNATED
28 UNDER THIS CHAPTER AND ONE SEPARATE ACCOUNT IN THE DEPARTMENT'S
29 NAME FOR THE ADMINISTRATION OF THE ECONOMIC DEVELOPMENT ZONE
30 PROGRAM. THE STATE TREASURER SHALL CREDIT TO EACH ACCOUNT AN

1 AMOUNT OF THE MONEY DEPOSITED IN THE FUND PROPORTIONATE TO THE
2 AMOUNT OF REVENUE COLLECTED FROM THE TAXATION OF RETAIL SALES
3 MADE IN THE ZONE AND APPROPRIATED TO THE DEVELOPMENT ZONE
4 ASSISTANCE FUND OR AN AMOUNT OF MONEY APPROPRIATED TO THE FUND
5 AND REQUIRED TO BE CREDITED TO THE DEVELOPMENT ZONE ACCOUNT OF
6 THE QUALIFYING MUNICIPALITY UNDER SECTION 1319. THE STATE
7 TREASURER SHALL PROMULGATE REGULATIONS NECESSARY TO GOVERN THE
8 ADMINISTRATION OF THE FUND FOR THE PURPOSES OF THIS SECTION.

9 (B) USE.--THE FUND SHALL BE USED FOR THE PURPOSE OF
10 ASSISTING QUALIFYING MUNICIPALITIES IN WHICH DEVELOPMENT ZONES
11 ARE DESIGNATED IN UNDERTAKING PUBLIC IMPROVEMENTS AND ECONOMIC
12 DEVELOPMENT PROJECTS AND IN UPGRADING ELIGIBLE MUNICIPAL
13 SERVICES IN DEVELOPMENT ZONES.

14 (C) PROPOSAL.--THE GOVERNING BODY OF A QUALIFYING
15 MUNICIPALITY IN WHICH A DEVELOPMENT ZONE IS LOCATED AND THE ZONE
16 DEVELOPMENT CORPORATION CREATED OR DESIGNATED BY THE
17 MUNICIPALITY FOR THAT DEVELOPMENT ZONE MAY, BY RESOLUTION
18 JOINTLY ADOPTED AFTER PUBLIC HEARING, PROPOSE TO UNDERTAKE A
19 PROJECT FOR THE PUBLIC IMPROVEMENT OF THE DEVELOPMENT ZONE OR TO
20 INCREASE ELIGIBLE MUNICIPAL SERVICES IN THE DEVELOPMENT ZONE AND
21 TO FUND THAT PROJECT OR INCREASE ELIGIBLE MUNICIPAL SERVICES
22 FROM MONEY DEPOSITED IN THE FUND AND CREDITED TO THE ACCOUNT
23 MAINTAINED BY THE STATE TREASURER FOR THE DEVELOPMENT ZONE. THE
24 PROPOSAL MUST SET FORTH A PLAN FOR THE PROJECT OR FOR THE
25 INCREASE IN ELIGIBLE MUNICIPAL SERVICES AND MUST INCLUDE ALL OF
26 THE FOLLOWING:

27 (1) A DESCRIPTION OF THE PROPOSED PROJECT OR OF THE
28 MUNICIPAL SERVICES TO BE INCREASED.

29 (2) AN ESTIMATE OF THE TOTAL PROJECT COSTS, OR OF THE
30 TOTAL COSTS OF INCREASING THE MUNICIPAL SERVICES, AND AN

1 ESTIMATE OF THE AMOUNTS OF FUNDING NECESSARY ANNUALLY FROM
2 THE DEVELOPMENT ZONE ACCOUNT.

3 (3) A STATEMENT OF ANY OTHER REVENUE SOURCES TO BE USED
4 TO FINANCE THE PROJECT OR TO FUND THE INCREASE IN ELIGIBLE
5 MUNICIPAL SERVICES.

6 (4) A STATEMENT OF THE TIME NECESSARY TO COMPLETE THE
7 PROJECT OR OF THE TIME DURING WHICH THE INCREASED MUNICIPAL
8 SERVICES ARE TO BE MAINTAINED.

9 (5) A STATEMENT OF THE MANNER IN WHICH THE PROPOSED
10 PROJECT OR INCREASE IN MUNICIPAL SERVICES FURTHERS THE
11 MUNICIPALITY'S POLICY AND INTENTIONS FOR ADDRESSING THE
12 ECONOMIC AND SOCIAL CONDITIONS EXISTING IN THE AREA OF THE
13 DEVELOPMENT ZONE AS SET FORTH IN THE ZONE DEVELOPMENT PLAN
14 APPROVED BY THE DEPARTMENT.

15 (6) A DESCRIPTION OF THE FINANCIAL AND PROGRAMMATIC
16 CONTROLS AND REPORTING MECHANISMS TO BE USED TO GUARANTEE
17 THAT THE FUNDS WILL BE SPENT IN ACCORDANCE WITH THE PLAN AND
18 THAT THE PROJECT OR INCREASED MUNICIPAL SERVICE WILL
19 ACCOMPLISH ITS PURPOSE.

20 (D) PROPOSAL APPROVAL.--UPON ADOPTION BY THE GOVERNING BODY
21 OF THE QUALIFYING MUNICIPALITY AND BY THE ZONE DEVELOPMENT
22 CORPORATION, THE PROPOSAL SHALL BE SENT TO THE DEPARTMENT FOR
23 ITS EVALUATION AND APPROVAL. THE DEPARTMENT SHALL APPROVE THE
24 PROPOSAL IF IT FINDS ALL OF THE FOLLOWING:

25 (1) IN THE CASE OF A PROJECT, THAT THE PROPOSED PROJECT
26 FURTHERS THE POLICY AND INTENTIONS OF THE ZONE DEVELOPMENT
27 PLAN APPROVED BY THE DEPARTMENT AND THAT THE ESTIMATED ANNUAL
28 PAYMENTS FOR THE PROJECT FROM THE DEVELOPMENT ZONE ACCOUNT TO
29 WHICH THE PROPOSAL PERTAINS ARE NOT LIKELY TO RESULT IN A
30 DEFICIT IN THAT ACCOUNT.

1 (2) IN THE CASE OF AN INCREASE IN ELIGIBLE MUNICIPAL
2 SERVICES, THAT THE PROPOSED PROJECT FURTHERS THE POLICY AND
3 INTENTIONS OF THE ZONE DEVELOPMENT PLAN APPROVED BY THE
4 DEPARTMENT; THAT THE QUALIFYING MUNICIPALITY HAS FURNISHED
5 SATISFACTORY ASSURANCES THAT THE ADDITIONAL POLICEMEN OR
6 FIREMEN TO BE HIRED OR THE ADDITIONAL VEHICLES, EQUIPMENT OR
7 APPARATUS TO BE PURCHASED OR LEASED SHALL BE USED TO AUGMENT
8 OR UPGRADE PUBLIC SAFETY IN THE DEVELOPMENT ZONE AND SHALL
9 NOT BE USED IN OTHER AREAS OF THE MUNICIPALITY; THAT THE
10 QUALIFYING MUNICIPALITY SHALL ANNUALLY APPROPRIATE FOR THE
11 INCREASED ELIGIBLE MUNICIPAL SERVICES AN AMOUNT EQUAL TO 20%
12 OF THE AMOUNT OF ANNUAL PAYMENTS FOR THE ELIGIBLE MUNICIPAL
13 SERVICES FROM THE DEVELOPMENT ZONE ACCOUNT AND SHALL NOT
14 REQUEST FOR THE INCREASED ELIGIBLE MUNICIPAL SERVICES AN
15 AMOUNT EQUAL TO MORE THAN 35% OF THE AMOUNT OF ANNUAL
16 PAYMENTS INTO THE DEVELOPMENT ZONE ACCOUNT; AND THAT THE
17 ESTIMATED ANNUAL PAYMENTS FOR THE ELIGIBLE MUNICIPAL SERVICES
18 FROM THE DEVELOPMENT ZONE ACCOUNT TO WHICH THE PROPOSAL
19 PERTAINS ARE NOT LIKELY TO RESULT IN A DEFICIT IN THAT
20 ACCOUNT.

21 (E) CERTIFICATION.--IF THE DEPARTMENT APPROVES THE PROPOSAL,
22 IT SHALL ANNUALLY, UPON ITS RECEIPT OF A WRITTEN STATEMENT FROM
23 THE GOVERNING BODY OF THE QUALIFYING MUNICIPALITY AND THE ZONE
24 DEVELOPMENT CORPORATION, CERTIFY TO THE STATE TREASURER THE
25 AMOUNT TO BE PAID IN THAT YEAR FROM THE DEVELOPMENT ZONE ACCOUNT
26 IN THE FUND WITH RESPECT TO EACH PROJECT OR INCREASE IN ELIGIBLE
27 MUNICIPAL SERVICES APPROVED. THE DEPARTMENT MAY REVOKE APPROVAL
28 OF A PROJECT OR AN INCREASE IN ELIGIBLE MUNICIPAL SERVICES IF IT
29 FINDS THAT THE ANNUAL PAYMENTS MADE FROM THE FUND ARE NOT BEING
30 USED AS REQUIRED BY THIS SECTION.

1 (F) PAYMENT.--UPON CERTIFICATION BY THE DEPARTMENT OF THE
2 ANNUAL AMOUNT TO BE PAID TO A QUALIFYING ZONE WITH RESPECT TO
3 ANY PROJECT OR INCREASE IN ELIGIBLE MUNICIPAL SERVICES, THE
4 STATE TREASURER SHALL PAY IN EACH YEAR TO THE QUALIFYING
5 MUNICIPALITY THE AMOUNT CERTIFIED, WITHIN THE LIMITS OF THE
6 AMOUNTS CREDITED TO THE DEVELOPMENT ZONE ACCOUNT OF THE
7 QUALIFYING MUNICIPALITY.

8 (G) ADMINISTRATION.--AN AMOUNT NOT TO EXCEED ONE-THIRD OF
9 THE AMOUNT DEPOSITED IN THE ACCOUNT CREATED IN THE NAME OF THE
10 DEPARTMENT IN THE FUND SHALL BE USED BY THE DEPARTMENT FOR THE
11 COORDINATION AND ADMINISTRATION OF THE PROGRAM THROUGHOUT THIS
12 COMMONWEALTH, INCLUDING COSTS FOR PERSONNEL, OPERATING EXPENSES
13 AND MARKETING. THE BALANCE OF THE REMAINING AMOUNT SHALL BE
14 DISTRIBUTED TO QUALIFYING MUNICIPALITIES IN PROPORTION TO EACH
15 MUNICIPALITY'S CONTRIBUTION TO THE FUND FOR THE COORDINATION AND
16 ADMINISTRATION OF THE PROGRAM WITHIN THE MUNICIPALITY, INCLUDING
17 COSTS FOR PERSONNEL, OPERATING EXPENSES AND MARKETING.

18 (H) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
19 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
20 SUBSECTION:

21 "ELIGIBLE MUNICIPAL SERVICES." THE HIRING OF ADDITIONAL
22 POLICE OFFICERS OR FIREFIGHTERS ASSIGNED DUTIES IN THE
23 DEVELOPMENT ZONE OR THE PURCHASING OR LEASING OF ADDITIONAL
24 POLICE OR FIRE VEHICLES, EQUIPMENT OR APPARATUS TO BE USED FOR
25 THE PROVISION OF AUGMENTED OR UPGRADED PUBLIC SAFETY SERVICES IN
26 THE DEVELOPMENT ZONE AND ITS IMMEDIATE VICINITY.

27 "PROJECT." AN ACTIVITY FUNDED BY THE FUND THROUGH THE
28 QUALIFIED MUNICIPALITY AND IMPLEMENTED BY THE ZONE DEVELOPMENT
29 CORPORATION. THE TERM INCLUDES ALL OF THE FOLLOWING:

30 (1) PURCHASING, LEASING, CONDEMNING OR OTHERWISE

1 ACQUIRING OF LAND OR OTHER PROPERTY IN THE DEVELOPMENT ZONE
2 OR AS NECESSARY FOR A RIGHT-OF-WAY OR OTHER EASEMENT TO OR
3 FROM THE DEVELOPMENT ZONE; RELOCATING AND MOVING OF PERSONS
4 OR BUSINESSES DISPLACED BY THE ACQUISITION OF LAND OR
5 PROPERTY.

6 (2) REHABILITATION AND REDEVELOPMENT OF LAND OR
7 PROPERTY. THIS PARAGRAPH INCLUDES DEMOLITION, CLEARANCE,
8 REMOVAL, RELOCATION, RENOVATION, ALTERATION, CONSTRUCTION,
9 RECONSTRUCTION, INSTALLATION OR REPAIR OF LAND OR ANY
10 BUILDING, STREET, HIGHWAY, ALLEY, UTILITY, SERVICE OR OTHER
11 STRUCTURE OR IMPROVEMENT WHICH WILL LEAD TO INCREASED
12 ECONOMIC ACTIVITY WITHIN THE DEVELOPMENT ZONE.

13 (3) ACQUISITION, CONSTRUCTION, RECONSTRUCTION,
14 REHABILITATION OR INSTALLATION OF PUBLIC FACILITIES AND
15 IMPROVEMENTS, EXCEPT BUILDINGS AND FACILITIES FOR THE GENERAL
16 CONDUCT OF GOVERNMENT AND SCHOOLS.

17 (4) ESTABLISHMENT OF REVOLVING LOAN OR GRANT PROGRAMS
18 FOR QUALIFIED BUSINESSES IN THE ZONE TO ENCOURAGE PRIVATE
19 INVESTMENT AND JOB CREATION.

20 (5) ESTABLISHMENT OF MATCHING GRANT PROGRAMS FOR THE
21 ESTABLISHMENT OR OPERATION OF PEDESTRIAN MALLS, SPECIAL
22 IMPROVEMENT DISTRICTS AND TAX INCREMENT DISTRICTS OR OTHER
23 APPROPRIATE ENTITY.

24 (6) THE COSTS ASSOCIATED WITH ACTIVITIES UNDER
25 PARAGRAPHS (1) THROUGH (5), INCLUDING THE COSTS OF
26 ADMINISTRATIVE APPRAISALS, ECONOMIC AND ENVIRONMENTAL
27 ANALYSES, ENVIRONMENTAL REMEDIATION, ENGINEERING, PLANNING,
28 DESIGN, ARCHITECTURE, SURVEYING OR OTHER PROFESSIONAL OR
29 MANAGERIAL SERVICES NECESSARY TO EFFECTUATE THE PROJECT.

30 SECTION 1328. CONSTITUTIONALITY.

1 IT IS THE INTENTION OF THE GENERAL ASSEMBLY THAT, IF THIS
2 CHAPTER CANNOT TAKE EFFECT IN ITS ENTIRETY BECAUSE OF THE
3 JUDGMENT OF ANY COURT OF COMPETENT JURISDICTION HOLDING
4 UNCONSTITUTIONAL ANY PART OR PARTS THEREOF, THE REMAINING
5 PROVISIONS OF THIS CHAPTER SHALL BE GIVEN FULL FORCE AND EFFECT,
6 AS COMPLETELY AS IF THE PART OR PARTS HELD UNCONSTITUTIONAL HAD
7 NOT BEEN INCLUDED IN THIS CHAPTER. IT IS THE INTENTION OF THE
8 GENERAL ASSEMBLY THAT, IF ANY COURT OF COMPETENT JURISDICTION
9 SHALL HOLD UNCONSTITUTIONAL ANY PROVISION OF THIS CHAPTER
10 PROVIDING FOR TAX EXEMPTION OR SPECIAL TAX PROVISION, THAT
11 UNCONSTITUTIONAL PROVISION SHALL BECOME INOPERATIVE UNTIL SUCH
12 TIME AS IT IS CONSTITUTIONAL. THE REMAINING TAX EXEMPTIONS AND
13 SPECIAL TAX PROVISIONS OF THIS ACT SHALL IN ANY SUCH CASE BE
14 GIVEN FULL FORCE AND EFFECT.

15 CHAPTER 21

16 MISCELLANEOUS PROVISIONS

17 Section ~~1104~~ 2101. Illegal activity. <—

18 Any funds or other forms of consideration received by a
19 person or business conducting any type of illegal activity shall
20 not be eligible for any of the exemptions, deductions,
21 abatements and credits or any other benefits that are created
22 under this act.

23 Section ~~1105~~ 2102. Rules and regulations. <—

24 The Department of Revenue shall promulgate such rules and
25 regulations as may be necessary to effectuate the provisions of
26 this act. The department shall promulgate such rules and
27 regulations as may be necessary to effectuate the provisions of
28 this act.

29 Section ~~1106~~ 2103. Compliance. <—

30 Any person eligible for an exemption, deduction or credit

1 under this act shall comply with all reporting, filing and
2 compliance requirements pursuant to the Tax Reform Code of 1971,
3 unless otherwise provided for in this act.

4 Section ~~1107~~ 2104. Penalties. ←

5 (a) Civil penalty.--

6 (1) In addition to any penalties authorized by the Tax
7 Reform Code of 1971 for violations of that act, the
8 Department of Revenue may impose an additional administrative
9 penalty not to exceed \$10,000 for any act or violation of
10 this act relating to State and local taxes, including the
11 filing of any false statement, return or document.

12 (2) The department may impose a civil penalty not to
13 exceed \$10,000 for a violation of this act, including the
14 filing of any false statement, return or document.

15 (b) Criminal penalty.--In addition to any criminal penalty
16 under the Tax Reform Code of 1971, any person who knowingly
17 violates any of the provisions of this act commits a misdemeanor
18 of the third degree.

19 Section ~~1108~~ 2105. Construction. ←

20 This act shall be interpreted to ensure that all provisions
21 relating to State and local tax exemptions, deductions,
22 abatements and credits are strictly construed in favor of the
23 Commonwealth.

24 Section ~~1109~~ 2106. Applicability. ←

25 The provisions of this act shall be applied prospectively. No
26 person or business may claim any exemption, deduction, abatement
27 or credit until that person or business becomes qualified under
28 this act, and, in the case of a business, receives certification
29 from the department that the business is qualified.

30 Section ~~1110~~ 2107. Severability. ←

1 The provisions of this act are severable. If any provision of
2 this act or its application to any person or circumstance is
3 held invalid, the invalidity shall not affect other provisions
4 or applications of this act which can be given effect without
5 the invalid provision or application.

6 Section ~~1111~~ 2108. Repeals. <—

7 All acts and parts of acts are repealed insofar as they are
8 inconsistent with this act.

9 Section ~~1112~~ 2109. Expiration. <—

10 ~~This~~ EXCEPT FOR CHAPTER 13 AND THIS CHAPTER, THIS act and all <—
11 benefits associated with this act shall terminate December 31,
12 2010.

13 Section ~~1113~~ 2110. Effective date. <—

14 This act shall take effect immediately.