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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 778**      Session of  
2003

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INTRODUCED BY D. WHITE, KITCHEN, O'PAKE, MUSTO, ERICKSON,  
WAGNER, COSTA, PUNT, ORIE, C. WILLIAMS, KUKOVICH, M. WHITE,  
BOSCOLA, SCHWARTZ, WAUGH, SCARNATI, MELLOW, ROBBINS, LEMMOND,  
PILEGGI, TARTAGLIONE AND WONDERLING, JUNE 6, 2003

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REFERRED TO FINANCE, JUNE 6, 2003

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AN ACT

1 Amending the act of June 29, 1996 (P.L.434, No.67), entitled, as  
2 amended, "An act to enhance job creation and economic  
3 development by providing for an annual financing strategy,  
4 for opportunity grants, for job creation tax credits, for  
5 small business assistance, for the Small Business Advocacy  
6 Council, for a family savings program, for industrial  
7 development assistance, for community development bank grants  
8 and loans and for tax-exempt bond allocation; conferring  
9 powers and duties on various administrative agencies and  
10 authorities; further providing for various funds; and making  
11 repeals," providing for keystone innovation zones.

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

14 Section 1. The act of June 29, 1996 (P.L.434, No.67), known  
15 as the Job Enhancement Act, is amended by adding a chapter to  
16 read:

17 CHAPTER 19

18 KEYSTONE INNOVATION ZONES

19 Section 1901. Definitions.

20 The following words and phrases when used in this chapter  
21 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Eligible property." Real property which is located within  
3 five miles radius of an institution of higher education.

4 "Institution of higher education." Any public or private  
5 institution within this Commonwealth authorized by the  
6 Department of Education to grant an associate degree or higher  
7 academic degree.

8 "Keystone innovation zone." A clearly defined geographic  
9 area comprised of eligible property designated by the  
10 department.

11 "Qualified employer." An entity that meets all of the  
12 following:

13 (1) Is located within a keystone innovation zone.

14 (2) Employs three or more individuals within the  
15 keystone innovation zone.

16 (3) Has been in operation seven years or less.

17 Section 1902. Keystone innovation zones.

18 (a) Establishment.--There is hereby established within the  
19 department a keystone innovation zones program for the purpose  
20 of increasing economic development in areas surrounding  
21 institutions of higher education.

22 (b) Application.--On or before January 1, 2006, an  
23 institution of higher education may submit to the department an  
24 application to establish a keystone innovation zone. The  
25 application shall be on a form provided by the department and  
26 shall include all of the following:

27 (1) A list of eligible property which is to be included  
28 in the keystone innovation zone.

29 (2) The name and address of the keystone innovation  
30 zone.

1           (3) The name and address of the coordinator or executive  
2           director of the keystone innovation zone.

3           (4) Such other information as the department may  
4           require.

5           (c) Review and designation.--The department shall review the  
6           application. Upon being satisfied that the application is  
7           complete and accurate, the department shall approve the  
8           application, and the secretary shall designate the property as a  
9           keystone innovation zone.

10          Section 1903. Assistance.

11          (a) Existing programs.--A qualified employer shall be given  
12          priority consideration in applying for assistance under any  
13          program established by this act, the act of May 17, 1956 (1955  
14          P.L.1609, No.537), known as the Pennsylvania Industrial  
15          Development Authority Act, the act of August 23, 1967 (P.L.251,  
16          No.102), known as the Economic Development Financing Law, the  
17          act of June 22, 2001 (P.L.569, No.38), known as The Ben Franklin  
18          Technology Development Authority Act, or the act of June 26,  
19          2001 (P.L.755, No.77), known as the Tobacco Settlement Act.

20          (b) Loans.--A qualified employer with a project approved for  
21          financing under this act or by the Pennsylvania Industrial  
22          Development Authority shall receive the lowest interest rate  
23          extended to borrowers.

24          (c) Grants.--The department may provide a one-time \$250,000  
25          grant to a keystone innovation zone in order to establish and  
26          implement the zone. The grant shall be drawn down as needed over  
27          a period not to exceed the first five years of authorization as  
28          a keystone innovation zone. Grant recipients shall comply with  
29          the provisions of the grant.

30          Section 1904. Expansion subzone designation.

1       (a) Establishment.--Notwithstanding sections 301.1, 303 and  
2 304 of the act of October 6, 1998 (P.L.705, No.92), known as the  
3 Keystone Opportunity Zone and Keystone Opportunity Expansion  
4 Zone Act, and within one year of being designated a keystone  
5 innovation zone under this chapter, a keystone innovation zone  
6 may apply to the department to be designated as an expansion  
7 subzone under the Keystone Opportunity Zone and Keystone  
8 Opportunity Expansion Zone Act. The application shall be on a  
9 form provided by the department. In addition to the completed  
10 application, the keystone innovation zone shall submit a copy of  
11 an ordinance, resolution or other required action from the  
12 governing body of each of the political subdivisions located  
13 within the keystone innovation zone which exempts or provides  
14 the deductions, abatements or credits required by Chapter 7 of  
15 the Keystone Opportunity Zone and Keystone Opportunity Expansion  
16 Zone Act to qualified persons and qualified businesses within  
17 the keystone innovation zone as those terms are used within that  
18 act. The department shall approve the application and designate  
19 the property located within the keystone innovation zone as an  
20 expansion subzone for the period beginning on the date of  
21 designation and ending on December 31, 2013. Qualified persons  
22 and qualified businesses within the expansion subzone shall be  
23 entitled to the State tax exemptions, deductions, abatements or  
24 credits set forth in Chapter 7 of the Keystone Opportunity Zone  
25 and Keystone Opportunity Expansion Zone Act and the local tax  
26 exemptions, deductions, abatements or credits set forth in  
27 Chapter 9 of the Keystone Opportunity Zone and Keystone  
28 Opportunity Expansion Zone Act, for the period for which the  
29 expansion subzone has been designated.

30       (b) Construction.--A keystone innovation zone designated an

1 expansion subzone under this section shall be subject to the  
2 requirements of the Keystone Opportunity Zone and Keystone  
3 Opportunity Expansion Zone Act.

4 Section 2. This act shall take effect immediately.