

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1521 Session of
2008

INTRODUCED BY DINNIMAN, BOSCOLA, COSTA, FONTANA AND STOUT,
JULY 7, 2008

REFERRED TO FINANCE, JULY 7, 2008

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, further providing for Keystone
3 Innovation Zone tax credits.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Section 3706(a) and (d) of Title 12 of the
7 Pennsylvania Consolidated Statutes are amended and the section
8 is amended by adding a subsection to read:

9 § 3706. Keystone innovation zone tax credits.

10 (a) Tax credit.--[A] Except as set forth in subsection
11 (a.1), a KIZ company may claim a tax credit equal to 50% of the
12 increase in the KIZ company's gross revenues in the immediately
13 preceding taxable year attributable to activities in the KIZ
14 over the KIZ company's gross revenues in the second preceding
15 taxable year attributable to its activities in the KIZ. A tax
16 credit for a KIZ company shall not exceed \$100,000 annually. For
17 the purposes of the keystone innovation zone tax credit, the
18 term "gross revenues" may include grants received by the KIZ

1 company from any source whatsoever.

2 (a.1) Initial tax credits.--

3 (1) In the first taxable year in which a KIZ company
4 operates within a KIZ, a KIZ company may claim a tax credit
5 equal to 25% of the increase in the KIZ company's gross
6 revenues in the immediately preceding taxable year over the
7 KIZ company's gross revenues in the second preceding taxable
8 year. A tax credit for a KIZ company shall not exceed
9 \$100,000 annually. For the purposes of the keystone
10 innovation zone tax credit, the term "gross revenues" may
11 include grants received by the KIZ company from any source
12 whatsoever.

13 (2) In the second taxable year in which a KIZ company
14 operates within a KIZ, a KIZ company may claim a tax credit
15 equal to 50% of the increase in the KIZ company's gross
16 revenues in the immediately preceding taxable year over the
17 KIZ company's gross revenues in the second preceding taxable
18 year which (increase) is attributable to activities in the
19 KIZ. A tax credit for a KIZ company shall not exceed \$100,000
20 annually. For the purposes of the keystone innovation zone
21 tax credit, the term "gross revenues" may include grants
22 received by the KIZ company from any source whatsoever.

23 * * *

24 (d) Application of tax credit and election.--[A]

25 (1) Except as set forth in paragraph (2), a tax credit
26 approved under this section must be first applied against the
27 KIZ company's tax liability under Article III, IV or VI of
28 the act of March 4, 1971 (P.L.6, No.2), known as the Tax
29 Reform Code of 1971, for the taxable year during which the
30 tax credit is approved. If the amount of tax liability owed

1 by the KIZ company is less than the amount of the tax credit,
2 the KIZ company may elect to carry forward the amount of the
3 remaining tax credit for a period not to exceed four
4 additional taxable years and to apply the credit against tax
5 liability incurred during those tax years; or the KIZ company
6 may elect to sell or assign a portion of the tax credit in
7 accordance with the provisions of subsection (f). A KIZ
8 company may not carry back or obtain a refund of an unused
9 keystone innovation zone tax credit.

10 (2) A KIZ company that is approved for a tax credit
11 under this section may elect not to apply the credit against
12 the KIZ company's tax liability as prescribed in this
13 subsection if the KIZ company submitted with its tax credit
14 application a current tax lien certificate issued by the
15 department showing that the KIZ company has no unpaid tax
16 liability due to the Commonwealth or a political subdivision.
17 A KIZ company that submitted a current tax lien certificate
18 with its application and is awarded a credit under this
19 section may immediately sell or assign the tax credit under
20 subsection (f).

21 * * *

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