
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1237 Session of
2011

INTRODUCED BY PILEGGI, TOMLINSON, BROWNE, ERICKSON, STACK,
FONTANA, GREENLEAF, FARNESE, RAFFERTY, WAUGH, COSTA, MENSCH,
BOSCOLA, SOLOBAY, BLAKE AND FERLO, SEPTEMBER 7, 2011

AS AMENDED, COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES,
DECEMBER 20, 2011

AN ACT

1 Amending the act of October 6, 1998 (P.L.705, No.92), entitled,
2 as amended, "An act providing for the creation of keystone
3 opportunity zones and keystone opportunity expansion zones to
4 foster economic opportunities in this Commonwealth, to
5 facilitate economic development, stimulate industrial,
6 commercial and residential improvements and prevent physical
7 and infrastructure deterioration of geographic areas within
8 this Commonwealth; authorizing expenditures; providing tax
9 exemptions, tax deductions, tax abatements and tax credits;
10 creating additional obligations of the Commonwealth and local
11 governmental units; and prescribing powers and duties of
12 certain State and local departments, agencies and officials,"
13 in keystone opportunity zones, further providing for
14 extension for unoccupied parcels and for additional expansion
15 zones; providing for expansion for new job creation; further
16 providing for application, for corporate net income tax and
17 for capital stock franchise tax; and, in tax administration,
18 further providing for application time; and providing for
19 monitoring data.

20 The General Assembly of the Commonwealth of Pennsylvania
21 hereby enacts as follows:

22 Section 1. Sections 301.3 and 301.4 of the act of October 6,
23 1998 (P.L.705, No.92), known as the Keystone Opportunity Zone,
24 Keystone Opportunity Expansion Zone and Keystone Opportunity
25 Improvement Zone Act, added July 10, 2008 (P.L.1014, No.79), are

1 amended to read:

2 Section 301.3. Extension for unoccupied parcels.

3 (a) Extension.--The department may approve an application to
4 extend the exemptions, deductions, abatements and credits under
5 this act as follows:

6 (1) One of the following:

7 (i) For a parcel in a keystone opportunity zone,
8 keystone opportunity expansion zone or keystone
9 opportunity improvement zone that is an unoccupied parcel
10 on the effective date of this section, for a period of
11 seven years from the expiration date of the zone.

12 (ii) For a parcel in a keystone opportunity zone or
13 keystone opportunity expansion zone that is an unoccupied
14 parcel on the effective date of this section, for a
15 period of ten years from the date of occupancy, provided
16 that the parcel is occupied on or before December 31,
17 2015.

18 (iii) For a parcel in a keystone opportunity zone,
19 keystone opportunity expansion zone or keystone
20 opportunity improvement zone or subzone that expires in
21 2013 or any year thereafter, for an additional period of
22 NO LESS THAN SEVEN YEARS BUT NO MORE THAN ten years from ←
23 the date of occupancy OR FROM THE EXPIRATION DATE OF THE ←
24 ZONE AS DETERMINED BY THE DEPARTMENT. For a zone that
25 expires in 2013, the extension shall apply to parcels
26 that are unoccupied on the effective date of this
27 subparagraph. For a zone that expires after 2013, the
28 extension shall apply to parcels that are unoccupied on a
29 date determined by the department.

30 (2) The extension of exemptions, deductions, abatements

1 or credits authorized under this section, except exemptions
2 for sales and use tax under section 511(a) or 705(a), shall
3 take effect only upon occupancy.

4 (b) Real estate tax abatement.--The owner of an unoccupied
5 parcel in a keystone opportunity zone, keystone opportunity
6 expansion zone or keystone opportunity improvement zone that has
7 expired but that receives an extension of tax abatement
8 eligibility following the original expiration date of the
9 keystone opportunity zone, keystone opportunity expansion zone
10 or keystone opportunity improvement zone under subsection (a)
11 shall not receive an abatement of real property tax until the
12 parcel becomes occupied or developed.

13 (c) Application.--Except as provided in subsection (d), in
14 order to extend the tax benefits for unoccupied parcels under
15 subsection (a), the department must receive an application from
16 a political subdivision or its designee no later than June 30,
17 2009. The application must contain the information required
18 under section 302(a)(1), (2), (3), (5) and (6). The application
19 must include all ordinances, resolutions or other required
20 action adopted by all political subdivisions in which the
21 unoccupied parcel is located adopting the extension of all tax
22 exemptions, deductions, abatements and credits authorized under
23 Chapter 7. The department, in consultation with the Department
24 of Revenue, shall review the application and, if approved, issue
25 a certification of all tax exemptions, deductions, abatements or
26 credits under this part for the unoccupied parcel within three
27 months of receipt of the application. The certification shall be
28 effective on the day following the expiration date of the
29 existing subzone. For a keystone opportunity zone, keystone
30 opportunity expansion zone or keystone opportunity improvement

1 zone or subzone that expires in 2013 or any year thereafter, in
2 order to extend the tax benefits under subsection (a)(1)(iii),
3 the department must receive an application no later than three
4 months prior to the expiration date of the zone.

5 (d) Applications for certain zones.--For a keystone
6 opportunity zone that expires December 31, 2008, an application
7 may be submitted to the department to temporarily delay the
8 expiration of the exemptions, deductions, abatements and credits
9 for the zone until June 30, 2009. The application must be
10 submitted by November 30, 2008, and include all ordinances,
11 resolutions or other required action from all affected political
12 subdivisions approving the requested delay in the expiration of
13 the keystone opportunity zone. The department shall certify the
14 delay in the expiration by December 31, 2008. If the expiration
15 of a keystone opportunity zone is delayed under this subsection,
16 a political subdivision or its designee may apply for an
17 extension pursuant to subsection (c), provided that the
18 application shall be submitted by May 1, 2009, and approved by
19 the department no later than June 30, 2009. If an extension is
20 granted under subsection (c), the extension shall be deemed to
21 be effective January 1, 2009.

22 (e) Expiration.--All extensions of an unoccupied parcel
23 certified under subsection (a)(1)(i) shall expire no later than
24 seven years following the expiration date of the existing
25 keystone opportunity zone, keystone opportunity expansion zone
26 or keystone opportunity improvement zone. All extensions of an
27 unoccupied parcel certified under subsection (a)(1)(ii) shall
28 expire no later than ten years following the date of occupancy
29 of the unoccupied parcel. All extensions of tax benefits under
30 subsection (a)(1)(iii) for a zone that expires on January 1,

1 2013, shall expire no later than ten years following the
2 approval of the extension of the existing keystone opportunity
3 zone, keystone opportunity expansion zone or keystone
4 opportunity improvement zone or subzone. An extension of tax
5 benefits under subsection (a)(1)(iii) shall expire no sooner
6 than seven years but no later than ten years following approval
7 of the extension OR THE EXPIRATION DATE OF THE ZONE as ←
8 determined by the department.

9 Section 301.4. Additional keystone opportunity expansion zones.

10 (a) Establishment.--

11 (1) In addition to any designations under section 301.1,
12 the department may designate up to 15 additional keystone
13 opportunity expansion zones in accordance with this section.

14 Each additional keystone opportunity expansion zone shall:

15 (i) Not be less than ten acres in size, unless
16 contiguous to an existing zone.

17 (ii) Not exceed, in the aggregate, a total of 350
18 acres.

19 (iii) Be comprised of parcels that meet any of the
20 following criteria:

21 (A) Are deteriorated, underutilized or
22 unoccupied on the effective date of this clause.

23 (B) Are occupied by a business that:

24 (I) Creates or retains at least 1,400 full-
25 time jobs in this Commonwealth within three years
26 of the designation of the keystone opportunity
27 expansion zone; and

28 (II) Makes a capital investment of at least
29 \$750,000,000 in the additional keystone
30 opportunity enhancement zone within three years

1 of the designation of the keystone opportunity
2 expansion zone.

3 (2) [The department shall immediately notify political
4 subdivisions located within the area designated.] In addition
5 to any designations under section 301.1 and paragraph (1),
6 the department may designate up to 15 additional keystone
7 opportunity expansion zones in accordance with this
8 subsection. Each additional keystone opportunity expansion
9 zone shall:

10 (i) Not be less than ten acres in size unless
11 contiguous to an existing zone.

12 (ii) Not exceed, in the aggregate, a total of 350
13 acres.

14 (iii) Be comprised of parcels that meet any of the
15 following criteria:

16 (A) Are deteriorated, underutilized or
17 unoccupied on the effective date of this clause.

18 (B) Are occupied by a business that:

19 (I) creates or retains at least 1,000 full-
20 time jobs in this Commonwealth within three years
21 of the designation of the keystone opportunity
22 zone; and

23 (II) makes a capital investment of at least
24 \$500,000,000 in the additional keystone
25 opportunity expansion zone within three years of
26 the designation of the keystone opportunity
27 expansion zone.

28 (3) If a business in a keystone opportunity expansion
29 zone designated under paragraph (2) makes an investment of at
30 least \$1,000,000,000 and creates at least 400 new permanent

1 full-time jobs within seven years of the date of designation
2 by the department, the department shall grant exemptions,
3 deductions, abatements and credits under this act for a
4 period of 15 years from the date of occupancy. If the
5 business fails to comply with the provisions of this
6 paragraph, the period of the zone shall revert to ten years.

7 (b) Authorization.--Persons and businesses within an
8 additional keystone opportunity expansion zone authorized under
9 subsection [(a)] (a)(1) or (2) shall be entitled to all tax
10 exemptions, deductions, abatements or credits set forth under
11 this act, except exemptions for sales and use tax under section
12 511(a) or 705(a), for a period of ten years, beginning on
13 January 1, 2010, and ending on December 31, 2020. For a keystone
14 opportunity expansion zone established under subsection (a)(1),
15 the ten-year period shall begin on January 1, 2010, and end on
16 December 31, 2019. For a keystone opportunity expansion zone
17 established under subsection (a)(2), the ten-year period shall
18 begin on January 1, ~~2013~~ 2014, and end on December 31, ~~2022~~ ←
19 2023. Exemptions for sales and use taxes under sections 511 and ←
20 705 shall commence upon designation of the zone by the
21 department.

22 (c) Application.--In order to receive a designation under
23 subsection [(a)] (a)(1), the department must receive an
24 application from a political subdivision or its designee no
25 later than May 1, 2009, and no later than October 1, 2013, for a
26 keystone opportunity expansion zone established under subsection
27 (a)(2). The application must contain the information required
28 under section 302(a)(1), (2)(i) and (ix) and (6). The
29 application must include all ordinances, resolutions or other
30 required action adopted by all political subdivisions in which

1 the keystone opportunity expansion zone is located providing the
2 tax exemptions, deductions, abatements and credits authorized
3 under Chapter 7. The department, in consultation with the
4 Department of Revenue, shall review the application and, if
5 approved, issue a certification of all tax exemptions,
6 deductions, abatements or credits under this [part] act for the
7 additional keystone opportunity expansion zone within three
8 months of receipt of the application. The department shall act
9 on an application under this subsection by June 30, 2009.

10 (d) Unused keystone opportunity expansion zones.--

11 (1) The department may designate any of the 15 remaining
12 keystone opportunity expansion zones established under
13 subsection (a) for which there was no designation by the
14 department as of the effective date of this subsection. To
15 receive a designation of a remaining keystone opportunity
16 expansion zone under this subsection, the department must
17 receive an application from a political subdivision or its
18 designee by June 1, 2012. The application must comply with
19 subsection (c) except for the application deadline. The
20 department, in consultation with the Department of Revenue,
21 shall review the application and, if approved, shall issue a
22 certification of all tax exemptions, deductions, abatements
23 or credits under this act for the additional keystone
24 opportunity expansion zone within three months of receipt of
25 the application.

26 (2) Persons and businesses within an additional keystone
27 opportunity expansion zone authorized under paragraph (1)
28 shall be entitled to all tax exemptions, deductions,
29 abatements or credits set forth under this act, except
30 exemptions for sales and use tax under section 511(a) or

1 705(a), for a period of ten years beginning January 1, 2013,
2 and ending December 31, 2022. Exemptions for sales and use
3 taxes under sections 511 and 705 shall commence upon
4 designation of the zone by the department.

5 (e) Notice.--Upon designation under this section, the
6 department shall immediately notify political subdivisions
7 located within the area designated.

8 Section 2. The act is amended by adding a section to read:
9 Section 301.7. Expansion for new job creation.

10 (a) Expansion.--The department may approve an application to
11 expand the area of a keystone opportunity zone, keystone
12 opportunity expansion zone or keystone opportunity improvement
13 zone or subzone to include additional parcels that are
14 deteriorated, underutilized or unoccupied on the effective date
15 of this section and which are contiguous to the existing zone
16 not to exceed 15 acres. All exemptions, deductions, abatements
17 and credits under this act shall be extended to the new parcels
18 for a period of ten years following approval of the expansion of
19 the keystone opportunity zone, keystone opportunity expansion
20 zone or keystone opportunity improvement zone.

21 (b) Application.--The following shall apply:

22 (1) In order to extend the tax exemptions, deductions,
23 abatements and credits under this act to additional parcels
24 under subsection (a), the department must receive an
25 application from a political subdivision or its designee by
26 October 1, 2012.

27 (2) The application under paragraph (1) must:

28 (i) Contain the information required under section
29 302(a)(1), (2), (3), (5) and (6).

30 (ii) Include all ordinances, resolutions or other

1 required action adopted by all political subdivisions in
2 which the unoccupied, deteriorated or underutilized
3 parcel is located adopting the expansion of the zone and
4 the extension of all tax exemptions, deductions,
5 abatements and credits authorized under Chapter 7.

6 (3) The department, in consultation with the Department
7 of Revenue, shall review the application and, if approved,
8 issue a certification of all tax exemptions, deductions,
9 abatements or credits under this chapter for the unoccupied
10 parcel within three months of receipt of the application.

11 (4) The certification under paragraph (3) shall be
12 effective ten days following designation of the expansion by
13 the department.

14 (c) Expiration.--All expansions of an unoccupied parcel
15 certified under subsection (b) shall expire no later than ten
16 years following the effective date of certification by the
17 department.

18 Section 2.1. Section 302(b) of the act, amended December 9,
19 2002 (P.L.1727, No.217), is amended to read:

20 Section 302. Application.

21 * * *

22 (b) Participation limitation.--A political subdivision shall
23 not be a part of more than one proposed keystone opportunity
24 zone or proposed keystone opportunity expansion zone, unless the
25 department agrees that two zones will bring additional economic
26 benefit to the political subdivision. A proposed expansion
27 subzone may not overlap the boundaries of a subzone.

28 * * *

29 Section 3. Sections 515(g) and 516(f) of the act, amended
30 December 9, 2002 (P.L.1727, No.217), are amended to read:

1 Section 515. Corporate net income tax.

2 * * *

3 (g) Section not applicable to certain businesses.--[Any
4 portion of the taxpayer's taxable income that is attributable to
5 the operation of a railroad, truck, bus or airline company,
6 pipeline or natural gas company, water transportation company, a
7 corporation that qualifies as a regulated investment company
8 under Article IV of the Tax Reform Code of 1971 or holding
9 company as defined in Article VI of the Tax Reform Code of 1971
10 shall not be used to calculate a credit under this section.] The
11 following shall apply:

12 (1) Any portion of the taxpayer's taxable income that is
13 attributable to the operation of any of the following may not
14 be used to calculate a credit under this section:

15 (i) Any of the following that are required to use
16 special apportionment under Article IV of the Tax Reform
17 Code of 1971 or would be required to use special
18 apportionment under Article IV of the Tax Reform Code of
19 1971 if the taxpayer had income from business activity
20 taxable both within and without this Commonwealth:

21 (A) A railroad, truck, bus or airline company.

22 (B) A pipeline or natural gas company.

23 (C) A water transportation company.

24 (ii) A corporation that qualifies as a regulated
25 investment company under Article IV of the Tax Reform
26 Code of 1971.

27 (iii) A holding company as defined in Article VI of
28 the Tax Reform Code of 1971.

29 (2) The prohibition under paragraph (1) shall not apply
30 to the portion of a qualified business engaged in

1 manufacturing or processing.

2 Section 516. Capital stock franchise tax.

3 * * *

4 (f) Credit not available.--[Any portion of the taxpayer's
5 tax liability that is attributable to the capital employed in
6 the operation of a railroad, truck, bus or airline company,
7 pipeline or natural gas company, water transportation company, a
8 corporation that qualifies as a regulated investment company
9 under Article IV of the Tax Reform Code of 1971 or holding
10 company as defined in Article VI of the Tax Reform Code of 1971
11 shall not be used to calculate a credit under this section.] The
12 following shall apply:

13 (1) Any portion of the taxpayer's tax liability that is
14 attributable to the capital employed in the operation of any
15 of the following may not be used to calculate a credit under
16 this section:

17 (i) Any of the following that are required to use
18 special apportionment under Article IV of the Tax Reform
19 Code of 1971 or would be required to use special
20 apportionment under Article IV of the Tax Reform Code of
21 1971 if the taxpayer had income from business activity
22 taxable both within and without this Commonwealth:

23 (A) A railroad, truck, bus or airline company.

24 (B) A pipeline or natural gas company.

25 (C) A water transportation company.

26 (ii) A corporation that qualifies as a regulated
27 investment company under Article IV of the Tax Reform
28 Code of 1971.

29 (iii) A holding company as defined in Article VI of
30 the Tax Reform Code of 1971.

1 (2) The prohibition under paragraph (1) shall not apply
2 to the portion of a qualified business engaged in
3 manufacturing or processing.

4 Section 4. Section 907 of the act, amended December 9, 2002
5 (P.L.1727, No.217), is amended to read:

6 Section 907. Application time.

7 [An] (a) Requirement.--Except as set forth in subsection
8 (b), an applicant must file an application in a manner
9 prescribed by the department by December 31 of each calendar
10 year for which the applicant claims any exemption, deduction,
11 abatement or credit under this act.

12 (b) Extension or waiver.--Upon request of the applicant, the
13 department may extend or waive the application deadline for good
14 cause shown if the political subdivision does not object to the
15 waiver or extension.

16 (c) Approval.--No exemption, deduction, abatement or credit
17 may be claimed or received for that calendar year until approval
18 has been granted by the department.

19 Section 5. The act is amended by adding a section to read:
20 Section 1104. Monitoring data.

21 In addition to any other requirements of this act, the
22 department shall monitor all of the following:

23 (1) Verifiable job creation and job retention data.

24 (2) Information on the types of jobs created and average
25 hourly wages.

26 (3) Number of years in the program.

27 (4) Annual, unduplicated public and private capital
28 investment amounts.

29 (5) Business type and description.

30 (6) Types and amounts of other economic development

1 assistance received from the department.

2 (7) Documentation that proper participants identified as
3 relocations meet the increased full-time employment,
4 increased capital investment or lease agreement requirements
5 of this act.

6 Section 6. The amendment of section 907 of the act shall
7 apply retroactively to January 1, 2009.

8 Section 7. This act shall take effect immediately.