

Pennsylvania - State of Innovation

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Keystone Opportunity Zones

Where can you find more than 46,800 acres of developable land, free of specific state and local taxes? Right here in Pennsylvania, where the Keystone Opportunity Zone (KOZ) program is providing a once-in-a-lifetime opportunity to develop land with greatly reduced state and local taxes. KOZs reflect a true sense of partnership among state and local taxing bodies, school districts, economic development agencies and community-based organizations.

Keystone Opportunity Zones are such a breakthrough idea that Business Facilities magazine calls them "the number one economic development strategy in the nation." By eliminating specific state and local taxes within specific underdeveloped and underutilized areas, communities within Pennsylvania are experiencing economic growth and investment. Since the KOZ program's inception in 1999, it has led to the creation of new jobs and produced capital investment in real estate. Due to the tremendous success of the KOZ initiative, additional zones were added in 2001, 2003, and 2004.

On the following pages, you can find a KOZ that meets your needs or learn more about the success stories that have developed out of the program.

Zone Acreage

- Ranging up to 5,000 acres.
- Each Zone is comprised of parcel-specific sub-zones in various sizes.

Tax Liability

Binding ordinances and resolutions were passed granting the waiver, abatement or exemption of certain state and local taxes. Depending on the situation, the tax burden may be reduced to zero through exemptions, deductions, abatements, and credits for the following:

- State Taxes: Corporate Net Income Taxes, Capital Stock & Foreign Franchise Tax, Personal Income Tax, Sales & Use Tax, Bank Shares and Trust Company Shares Tax, Alternative Bank and Trust Company Shares Tax, Mutual Thrift Institutions Tax, Insurance Premiums Tax
- Local Taxes: Earned Income/Net Profits Tax, Business Gross Receipts, Business Occupancy, Business Privilege and Mercantile Taxes, Local Real Property Tax, Sales and Use Tax

Length of Tax Relief

Zones expire in 2008, 2010, 2013, and 2018. Please check with the specific Zone Coordinator for each property deadline.

Number of Zones

There are 12 regional Keystone Opportunity Zones. Each KOZ is administered through the same

local community or economic development agency.

Impact

- Properties selected as KOZs have generated minimal state and local taxable revenue. The KOZ designation is expected to attract development where little or no activity existed beforehand. This development may produce spin-off taxable activity outside the designated zone.
- Future taxes are anticipated.

Size Requirements/KOZ

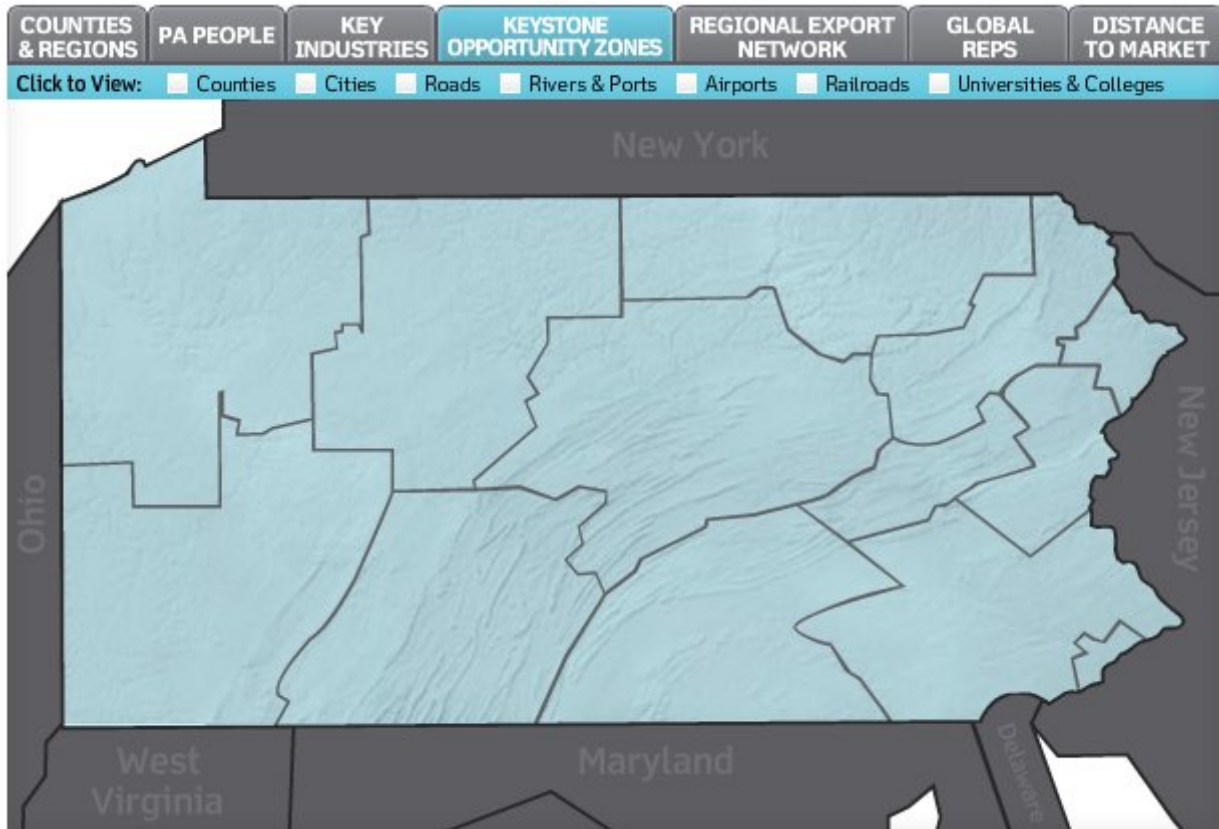
Each KOZ has up to twenty subzones. KOZs are no larger than 5,000 acres. Subzones must be at least 10 acres in rural areas, or 20 acres in urban areas.

Administration

The Department of Community and Economic Development provides the organizational framework, including the certification and operations of KOZs. Local jurisdictions designate coordinators as a single point of contact for zone facilitation.

Priority Considerations

Projects in Keystone Opportunity Zones receive priority consideration for assistance under state community and economic development programs as well as community building initiatives. Projects in designated KOZs that are approved for Pennsylvania Industrial Development Authority (PIDA) or Small Business Financing shall receive the lowest interest rate extended to borrowers.



Application & Tools

- Keystone Opportunity Zone (KOZ) Online Application
- KOZ Change of Status Notification
- KOZ Guidelines and Application

Phone: 866-GO-NEWPA (866-466-3972)

<http://www.newpa.com/build-your-business/locate/keystone-opportunity-zones/index.aspx>