



Senate Finance Committee

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BILL SUMMARY

SENATE BILL 1412, PN 2065 (SENATOR PIPPY)

Summary:

Amends the Keystone Opportunity Zone (KOZ), Keystone Opportunity Expansion Zone (KOEZ) and Keystone Opportunity Improvement Zone (KOIZ) Act to do the following:

- Defines “unoccupied parcel”
- Extends the duration of the tax free status of parcels that are unoccupied on the effective date for an additional seven years. The extension provides an incentive for these locations that includes a meaningful period of tax exemption. It does not extend the duration of occupied parcels in the zone. A municipality must opt in by 7/31/09.
- Allows the establishment of 7 new KOEZ’s to address specific projects in the Commonwealth. The zones may not exceed 350 acres and may be less than 10 acres if they are contiguous to a current zone. The property must be deteriorated or create 1,400 jobs and invest \$750,000,000. A municipality must apply by 7/31/09.
- Allows land to be swapped if land in a zone is unusable because of the discovery of an endangered species.
- Bans payments in lieu of taxes and other payments made in exchange for approval of the zone by a local government.
- Eliminates the sales factor from the three-factor apportionment formula for CNI and utilizes only the property and payroll factor since most sales are made outside the zone. The same formula is used for CSFT.
- Exempts construction materials used in the zone from sales tax.

Effective date:

The amendment of section 515 of the act (relating to Corporate Net Income Tax) shall apply to taxable years beginning after December 31, 2008.

The Act shall take effect in 60 days.