

Pennsylvania Department  
of Community and  
Economic Development

# Keystone Opportunity Zone

## Program Guidelines and Application



Commonwealth of Pennsylvania  
Edward G. Rendell, Governor  
[www.state.pa.us](http://www.state.pa.us)

Department of Community and Economic Development  
Dennis Yablonsky, Secretary  
[www.inventpa.com](http://www.inventpa.com)

February 2004



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# Section I – General

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## A. Introduction

The Keystone Opportunity Zone (KOZ) Program is one of the nation’s boldest, most forward thinking economic and community development program's. This unique program develops a community’s abandoned, unused, underutilized land and buildings into business districts and residential areas that present a well-rounded and well-balanced approach to community revitalization. The Department of Community and Economic Development administers this partnership between state and local government in collaboration with the Department of Revenue (state taxes) and the Department of Labor and Industry (Unemployment Compensation taxes), based on the Keystone Opportunity Zone and Keystone Opportunity Expansion Zone Act, 73 P.S. §§820.101- 820.1309 (the “Act”).

The Keystone Opportunity Zones are designated by the local communities and approved by the State. The Keystone Opportunity Improvement Zones were designated by Executive Order, of the Governor, and approved by the local communities. All Keystone Opportunity Zones are virtually tax free. Keystone Opportunity Zones entitle businesses and residents to certain tax benefits when they locate in a Keystone Opportunity Zone. Keystone Opportunity Zones consist of 12 defined areas in 61 counties across Pennsylvania, covering more than 43,889 acres in over 193 sub-zones. Sizes of the KOZ range from under 10 acres to over 500. Along with the remarkable tax advantages, these areas provide close proximity to major inter-states, ports, rail lines and international airports.

## B. Program Qualifications

1. **Business:** A business must own or lease real property in a KOZ and actively conduct a trade, profession or business from the property and remain compliant with state and local tax laws and building codes. Existing businesses that are expanding, new businesses and out-of-state businesses moving into Pennsylvania need only move into a KOZ, file a one page annual application for benefits and submit the application with a synopsis of the business, which contains a description of the business, job creation potential and the anticipated capital investment.
2. **Relocation:** An existing Pennsylvania business relocating into a KOZ must meet one of the relocation provisions of the Act. (See section D)
3. **Recapture:** Any qualified business that has received KOZ benefits and moves out of the zone within the first 5 years may be subject to penalties.
4. **Property Owner Qualifications:** Please be advised that you must apply annually to the Department in order to receive approval for property tax abatement, as required by Section 907 of the Act. If you are found to be noncompliant with any tax or zoning requirements during the (2004) calendar year, your KOZ status will be revoked and you may be subject to penalties and/or recapture under the Act.
5. **Resident Qualifications:** Residents must maintain compliance with all state and local tax laws. They must reside 184 consecutive days in the KOZ.

All KOZ applicants must file an annual application with the Department.

The KOZ Change of Status Notification must be submitted, to the Department, if a change takes place.

## C. Taxes Eligible To Be Waived

Through credits, waivers and broad-based abatements, total taxes on economic activity in Keystone Opportunity Zones are reduced to almost zero.

### State

- Corporate Net Income tax
- Capital Stock and Foreign Franchise tax
- Personal Income tax
- Sales and Use tax (purchases consumed and used by business in the Zone)
- Mutual Thrift Institution tax
- Bank and Trust Company Shares tax
- Insurance Premiums tax

### Local

- Earned Income/Net Profits tax
- Business Gross Receipts, Business Occupancy, Business Privilege and Mercantile tax
- Sales and Use tax (county/city; purchases used and consumed by business in the Keystone Opportunity Zone)
- Property Tax

## D. Requirements / Penalties / Deadlines / Definitions

### 1. Change of Status Notification (Required)

KOZ applicants are required to notify the Department of Community and Economic Development when there is a change in status due to relocation, sale, local non-compliance, closure, death, business name change, parcel number change, address change or any change that may affect benefit status. A KOZ Change of Status Notification (Attachment IV) is provided in this publication.

### 2. Existing Pennsylvania Business Relocating to a Keystone Opportunity Zone

Any business existing in Pennsylvania that moves from its current Pennsylvania location into a KOZ may not receive any exemptions, deductions, abatements, or credits set forth in the Act unless that business either:

- a. Increases full-time employment by at least 20% in the first full year of operation within the KOZ or;
- b. Makes a capital investment in the property located within the KOZ equivalent to 10% of the gross revenues of that business in the immediately preceding calendar or fiscal year attributable to the business location or locations that are being relocated to a subzone.

If the applicant is determined to be a relocation, the applicant will be contacted by the Department to provide information to document compliance with the relocation provision.

Any questions concerning the relocation provisions should be directed to the KOZ Manager at the Department of Community and Economic Development (Attachment I).

### 3. **Compliance**

All “qualified businesses” and “persons” must be in full compliance with all state and local tax laws, and building and housing code provisions, in order to be entitled to claim any exemptions, deductions, abatements or credits offered in the Act. The Department of Revenue reserves the right to conduct an audit examination of any taxpayer to ensure full compliance with the Act.

### 4. **Penalty for violation of the Act**

Any person claiming KOZ tax benefits to which the person was not entitled under the Act, shall be liable for the tax benefits received and subject to the applicable interest, in addition to civil and criminal penalty provisions provided in the Act.

### 5. **Repayment of Benefits**

Any qualified business located within a KOZ and receiving exemptions, deductions, abatements or credits under the Act, which subsequently relocates outside of the Zone within the first five years of locating in a zone, may be required to refund the benefits the business received to state and local authorities according to the provisions in the Act.

Any qualified business that is required to meet the relocation provisions set forth in paragraph D.2. above and fails to meet those requirements will be subject to the revocation of future benefits and the repayment of benefits previously received.

### 6. **Deadlines**

- The deadline to file a KOZ application is December 31st of the year for which benefits are to be received.
- The deadline to come into compliance with deficiencies for code violations is December 31st of the year for which benefits are to be received.
- The deadline to come into compliance with tax issues is February 5th of the year following the year for which benefits are to be received.

### 7. **Definitions**

- Capital Investment:** (i) an undertaking to construct, repair, renovate, improve, equip, furnish, or acquire any building, structure, facility, or physical betterment or improvement; (ii) land; or (iii) furnishing, machinery, apparatus of equipment for building, structure, facility or physical betterment or improvement, the term includes soft costs related to the project.
- Soft Costs:** include items directly related to the completion of the project, e.g. professional services/consultants, architectural fees, engineering fees, inspection fees, insurance, environmental assessment, legal fees, closing costs and contingencies. Soft costs may not exceed 10% of the capital investment.
- Full-Time Employment:** for the purpose of determining the relocation compliance will coincide with the definition of full-time, permanent employment of the specific industry sector within which the company operates.

## **E. Eligibility for Other Department Programs**

Keystone Opportunity Zone benefit recipients may be eligible for other programs administered by the Department of Community and Economic Development. The Department's Single Application for Assistance can be completed to apply for financial assistance from the Department's various funding sources.

The Department encourages you to visit our web site and submit your Single Application for Assistance via on-line submission at [www.inventpa.com](http://www.inventpa.com). In addition, you may call the Department's Customer Service Center at 1-800-379-7448, or your local KOZ Regional Coordinator (see attachment II).

## **Section II – The Application Process**

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### **A. General**

1. Applications for businesses and residents may be obtained on-line at [www.inventpa.com](http://www.inventpa.com), or from a Local KOZ Coordinator (see attachment II).
2. Complete and submit a KOZ application to your local KOZ Coordinator. Applications must be filed by December 31st of the year for which you are applying for benefits.

### **B. Approval Process**

1. The Local Coordinator will determine compliance with local taxes and codes and forward the application to the state within 15 business days of receipt of the application, whether or not the application is compliant locally.
2. The Department of Community and Economic Development will assign an official KOZ file number and forward the application to the Department of Revenue to check state tax compliance and to the Department of Labor and Industry for Unemployment Compensation tax compliance.
3. Compliant applications will receive an approval letter from the Department of Community and Economic Development. The approval letter is your verification of eligibility to receive KOZ benefits from state and local entities.
4. Non-Compliant applicants will receive a letter from the Department of Community and Economic Development. The letter will direct the applicant to the appropriate authority to resolve the compliance issue.
5. Applications with Code compliance issues must be compliant by December 31st of the calendar year for which the KOZ benefits are requested.
6. Applications with tax compliance issues must be compliant by February 5th of the calendar year following the calendar year for which non-compliance occurred.
7. Applicants must apply on an annual basis to maintain eligibility for KOZ benefits.

8. Applicants receiving KOZ benefits must report a change in status due to relocation, sale, closure, local non-compliance issues, death, business name change, parcel number change, address change or any change that may affect benefit status on a KOZ Change of Status Notification (Attachment IV) and submit the form to:

Tom Usiadek  
Keystone Opportunity Zone Manager  
Pennsylvania Department of Community & Economic Development  
Center for Business Financing  
400 North Street, 4th Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
Telephone: (717) 720-7344  
Fax: (717) 787-4088  
E-mail: [tusiadek@state.pa.us](mailto:tusiadek@state.pa.us)

# Attachment I – Contacts

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## **Department of Community & Economic Development (DCED)**

Tom Usiadek, KOZ Manager  
400 North Street, 4th Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
Phone: (717) 720-7344  
Fax: (717) 787-4088  
E-mail: tusiadek@state.pa.us

Sandi Orth  
400 North Street, 4th Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
Phone: (717) 720-7337  
Fax: (717) 787-4088  
E-mail: sorth@state.pa.us

## **DCED Regional Offices**

### **Northeast**

Mike Morin, Acting Regional Director  
or Cindy Campbell, Economic Development Analyst  
201 Samters Building  
101 Penn Avenue  
Scranton, PA 18503-2025  
Phone: (570) 963-4597 (Mike)  
Phone: (570) 963-4574 (Cindy)  
Fax: (570) 964-3439  
E-mail: mmorin@state.pa.us  
E-mail: ccampbell@state.pa.us

### **Northwest**

Christopher Mong, Regional Director  
1200 Lovell Place  
Erie, PA 16503  
Phone: (814) 871-4245  
Fax: (814) 454-7494  
E-mail: cmong@state.pa.us

### **Southwest**

Ellen Kight, Regional Director  
1405 State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222  
Phone: (412) 565-5098  
Fax: (412) 565-2635  
E-mail: ekight@state.pa.us

## **Southeast**

Charlie Nahill, Regional Director  
908 Philadelphia State Office Building  
Broad & Spring Garden Street  
Philadelphia, PA 19130  
Phone: (215) 560-2083  
Fax: (215) 560-6722  
E-mail: cnahill@state.pa.us

## **Department of Revenue (DOR)**

Annette Hallman, KOZ Coordinator  
9th Floor, Strawberry Square  
Harrisburg, PA 17128-0905  
Phone: (717) 772-3896  
Fax: (717) 705-8994  
E-mail: ahallman@state.pa.us

## **Department of Revenue (Tax Issues Only)**

Christopher Zettlemoyer, Office of Chief Counsel  
11th Floor, Strawberry Square  
Harrisburg, PA 17128-1100  
Phone: (717) 787-1440  
Fax: (717) 772-1459  
E-Mail: chzettlemo@state.pa.us

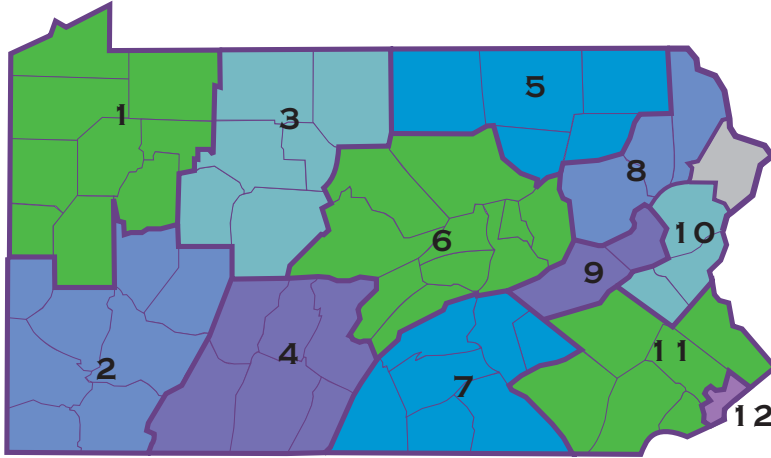
## **Department of Labor & Industry (L&I)**

Kim Romeo, KOZ Coordinator  
Room 916 Labor & Industry Building  
7th and Forster Street  
Harrisburg, PA 17121  
Phone: (717) 705-7366  
(866) 403-6163 (option 5)  
Fax: (717) 787-8373  
E-mail: kromeo@state.pa.us

## **Local Tax and Code Issues**

Local tax and Government issues should be directed to the appropriate local authority.

# Attachment II – KOZ Coordinators



## 1. Northwest

Bob Skarada, Planning & Development Specialist  
Northwest Regional Planning & Development Commission  
395 Seneca Street  
Oil City, PA 16301  
814-677-4800  
Fax: 814-677-7663  
bobs@nwplan.org

## 2. Southwest

Kelly Hunt  
Economic Development Director  
Southwestern Pennsylvania Commission  
Regional Enterprise Tower  
425 Sixth Avenue, Suite 2500  
Pittsburgh, PA 15219-1819  
412-391-5590 ext 343  
Fax: 412-391-9160  
kellyhunt@spc9.org

## 3. North Central

Erin Chorney  
North Central Pennsylvania Regional Planning and Development Commission  
651 Montmorenci Road  
Ridgway, PA 15853  
814-773-3162  
Fax: 814-772-7045  
echorney@ncentral.com

## 4. Southern Alleghenies

Michele Adams, Director  
Planning & Program Management  
Southern Alleghenies Planning & Development Commission  
541 58th Street  
Altoona, PA 16602  
814-949-6508  
Fax: 814-949-6505  
adams@sapdc.org

## 5. Northern Tier

Jill Koski, Program Manager  
Northern Tier Regional Planning & Development Commission  
312 Main Street  
Towanda, PA 18848  
570-265-9103  
Fax: 570-265-7585  
koski@northerntier.org

## 6. Central PA

Mr. Jerry Bohinski, Chief  
Economic Development Programs  
SEDA-Council of Governments  
201 Furnace Rd.  
Lewisburg, PA 17837  
570-524-4491  
Fax: 570-524-9190  
bohinski@seda-cog.org

## 7. South Central

South Central Assembly  
for Effective Governance  
Mr. Craig Zumbun, Exec. Director  
South Central Assembly for Effective Governance  
777 West Harrisburg Pike  
Middletown, PA 17057  
717-948-6324  
Fax: 717-948-6306  
wcz2@psu.edu

## 8. Lackawanna/Luzerne

Lee Namey, Zone Coordinator  
Redevelopment Authority  
of Luzerne County  
Suite #210  
16 Luzerne Avenue  
West Pittston, PA 18643  
570-655-3329  
Fax: 570-655-3287  
lcrammt@epix.net

Lawrence M. Newman, Zone Consultant  
Urban Workshop  
1020 Mellon Bank Center  
8 West Market Street  
Wilkes-Barre, PA 18711  
570-822-3166  
Fax: 570-822-3164  
urbanwrk@epix.net

## 9. Schuylkill/Carbon

Mark Scarbinsky, Director  
Office of Economic Development  
401 North Second Street  
Pottsville, PA 17901  
570-628-1167  
Fax: 570-628-1210  
mjscarbinsky@co.schuylkill.pa.us

## 10. Lehigh Valley

Janet Smith, Vice President  
Finance & Administration  
Lehigh Valley Economic Development Corporation  
2158 Avenue C  
Suite 200  
Bethlehem, PA 18017  
610-266-6775  
Fax: 610-266-7623  
jsmith@lehighvalley.org

## 11. Southeast

Robert Cormack  
Bucks County Economic Development Corporation  
2 East Court Street  
Doylestown, PA 18901  
(215) 348-9031 ext. 12  
Fax: (215)348-8829  
rfc@bcedc.com

## 12. City of Philadelphia

Vincent Dougherty  
Philadelphia Department of Commerce  
One Parkway  
1515 Arch Street, 12th Floor  
Philadelphia, PA 19102  
215-683-2015  
Fax: 215-557-8538  
vincent.dougherty@phila.gov





# 2004 Keystone Opportunity Zone (KOZ) Application

- 1. Name of Business/Resident/Property Owner: \_\_\_\_\_
- 2. CEO or President of Business: \_\_\_\_\_
- 3. KOZ Address of Business/Resident/Property Owner: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_
- 4. Municipality: \_\_\_\_\_ County: \_\_\_\_\_ County Code#: \_\_\_\_\_  
 School District: \_\_\_\_\_ School District Code#: \_\_\_\_\_
- 5. Mailing Address (if different than KOZ Address) : \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_
- 6. SS Number (i.e. property owner, resident or sole proprietorship): \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
 Spouse's SS Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_
- 7. Contact Name: \_\_\_\_\_ Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_  
 Mailing Address of Contact: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_
- 8. Is this application for benefits for a (check all that apply):  Real Property Owner  Business  Resident
- 9. Property Tax Parcel ID Number(s), if applicable: \_\_\_\_\_  
 \_\_\_\_\_

10. **Business Only:** Type of Entity:
- |                                 |                                              |                                         |                                             |                                     |                                              |
|---------------------------------|----------------------------------------------|-----------------------------------------|---------------------------------------------|-------------------------------------|----------------------------------------------|
| <input type="checkbox"/> C Corp | <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Non-Profit     | <input type="checkbox"/> S Corp             | <input type="checkbox"/> QSSS       | <input type="checkbox"/> Partnership         |
| <input type="checkbox"/> LLC    | <input type="checkbox"/> Trust/Estate        | <input type="checkbox"/> Property Owner | <input type="checkbox"/> Personal Residence | <input type="checkbox"/> Non-Profit | <input type="checkbox"/> Municipal Authority |
- is the LLC a:*
- Partnership  Individual
  - C Corporation  Business
  - S Corporation
  - Disregarded Entity (Corporate)
  - Disregarded Entity (Sole Proprietorship)
- Other (please specify type): \_\_\_\_\_

11. Indicate how your entity reports to the Internal Revenue Service. (Check type of entity)

- LLC       C Corp       S Corp       Non-Profit       Partnership       Trust/Estate  
*is the LLC a:*  
 Partnership: Form-1065  
 C Corporation: Form-1120  
 S Corporation: Form-1120s  
 Disregarded Entity (Corporate): Form-1120  
 Disregarded Entity (Sole Proprietorship): Form-1040

12. Tax ID Numbers: **(MUST be provided, if applicable)**

EIN \_\_\_ - \_\_\_\_\_ Sales Tax \_\_\_ - \_\_\_\_\_ Employer Acct. (not EIN) \_\_\_\_\_

Corporate Box: \_\_\_\_\_ Utility PURTA : \_\_\_\_\_ Unemployment Compensation: \_\_\_\_\_

13. List the names, addresses, Social Security Numbers and phone numbers of all shareholders, partners, members, etc. of S Corp, Partnership or LLC. (Attach additional sheets, if needed). (Any shareholders, partners or members of an LLC with greater than 20% interest in a specific entity must list the information below, in addition to primary information.)

Name	Address	SSN/EIN	Phone	Ownership %	Sales Tax#
------	---------	---------	-------	-------------	------------

- A.
- B.
- C.
- D.
- E.

14. **For Business Applicants Only:**

Your Company's product or Service: \_\_\_\_\_

Number of Full Time jobs at KOZ site when you first moved to KOZ: \_\_\_\_\_

Number of Full Time jobs at KOZ site now: \_\_\_\_\_

Estimate of public & private capital investment in KOZ site: \_\_\_\_\_

**All applicants must be in full compliance with the KOZ and KOEZ Act, 73 P.S. §§ 820.101 – 820.1309 and with the Keystone Opportunity Zone Guidelines.**

I hereby certify that all the above information is true and correct:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name Title (if filing for business)

\_\_\_\_\_  
First Date in Zone



# Keystone Opportunity Zone 2004 Change of Status Notification

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This form needs to be completed if a KOZ applicant is receiving or has received KOZ benefits and there is a change in the status.

1. KOZ File Number *(8 digit number assigned by DCED)*: \_\_\_\_\_
2. KOZ Applicant Name *(as listed on original application)*: \_\_\_\_\_
3. KOZ Address: \_\_\_\_\_  
\_\_\_\_\_
4. KOZ Parcel Number(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Contact Name: Mr./Mrs./Ms. \_\_\_\_\_
6. Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. Effective Date of Change: \_\_\_\_\_
8. Choose a Reason and Explain:  
 Relocation;  Sale;  Closure;  Local non-compliance;  Death;  Business name change;  
 Application type change (i.e. Business becomes property owner only, parcel number change, address change.)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Please mail completed notification to: Pennsylvania Department of Community & Economic Development  
 Tom Usiadek  
 Keystone Opportunity Zone Manager  
 400 North Street, 4th Floor  
 Commonwealth Keystone Building  
 Harrisburg, Pennsylvania 17120-0225



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