

Keystone Opportunity Zone (KOZ)

> ready > set > succeed

Where can you find more than 46,000 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 certain 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, 2004 and 2009.

Zone Location

- > 9 acres in 151 parcels within the City of Harrisburg.
- > Zones of various types are located throughout the City.

*visit www.HarrisburgRegionalChamber.org/KOZ to view a detailed map of the parcels

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 (*Payment in Lieu of Taxes is required*).

Length of Tax Relief

The Harrisburg Zone will expire 2019. Please check with the Zone Coordinator for each property deadline.

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.

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. **To apply for KOZ benefits, visit www.harrisburgregionalchamber.org/koz to fill out an online application.**

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.

For more information regarding the Harrisburg KOZ, please contact Shaun Donovan at 717.213.5033 or sdonovan@hbgrc.org.

