

Keystone Innovation Zone Tax Credit

On February 12, 2004, Governor Edward G. Rendell signed Act 12 of 2004 (Act). Section 3701 (et. Seq.) of the Act provides for the award of up to \$25 million annually in Keystone Innovation Zone (KIZ) tax credits to eligible KIZ companies. To be eligible, a company must be a for-profit entity located within the geography of a KIZ, be less than eight years of age, fall within one of the targeted industry segments adopted by the KIZ and meeting any other requirements as specified by the Department of Community & Economic Development (DCED). There are 29 designated Keystone Innovation Zones located throughout the Commonwealth.

This innovative program, created for early-stage KIZ companies, awards tax credits based on the growth of the company's annual revenues. If the KIZ company does not have Pennsylvania tax liability, this program provides the mechanism for the assignment or sale of the credits, providing much needed capital to enhance the growth of their businesses. A KIZ company has up to five years to use or assign/sell their tax credits. The sale of the KIZ tax credits has generated working capital for many small companies that participate in the KIZ Tax Credit Assignment Program.

KIZ Tax Credit Awards

The third year of KIZ tax credit approvals were issued on December 15, 2008. Of the 137 companies that applied for KIZ tax credits, 126 were awarded tax credits for a total of \$9,640,654.56. Table 1 provides a listing of awarded KIZ tax credits during the third year of the program.

TABLE 1 - List of companies awarded credits, location, and amount of award

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
McDanel Advanced Ceramic Technologies	Beaver County	\$100,000.00
American Precision Powder Coating, LLC	Beaver County	\$1,933.00
BG&S Peening & Consulting, LLC	Beaver County	\$27,505.75
Instrument Calibration Solutions	Beaver County	\$54,497.00
Computer Consultant Team, LLC	Beaver County	\$54,840.00
Vitae Pharmaceuticals, Inc.	BioLaunch611	\$100,000.00
Vascular Strategies, LLC	BioLaunch611	\$80,444.50
Life Quality Technologies, LLC	BioLaunch611	\$437.50
Pharmabridge, Inc.	Bucks County Biotechnology	\$100,000.00
Immunotope, Inc.	Bucks County Biotechnology	\$100,000.00
Accu Measurement and Testing, Inc.	Bucks County Biotechnology	\$100,000.00
Recovery Networks	Delaware County	\$100,000.00
Ablaze Development Corp.	Delaware County	\$100,000.00
RL Associates, Inc.	Delaware County	\$100,000.00
Dura-tite Systems, LLC	Erie	\$26,482.00
Plastic Services Network	Erie	\$100,000.00
Velocity.net Communications, Inc.	Erie	\$73,598.00
Newline Creations, LLC	Erie	\$100,000.00
BioPreserve, LLC	Erie	\$34,247.50
Lake Erie Biofuels, LLC	Erie	\$100,000.00
KDIndustries, Inc.	Erie	\$100,000.00

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Shrift Small Business Network Consulting, LLC	Greater Johnstown	\$100,000.00
In-Shore Technologies, Inc.	Greater Johnstown	\$100,000.00
ITSI Biosciences, LLC	Greater Johnstown	\$14,327.00
PinMed, Inc.	Greater Oakland	\$83,330.00
Crystalplex Corporation	Greater Oakland	\$68,734.00
ICX Agentase	Greater Oakland	\$100,000.00
Akustica, Inc.	Greater Oakland	\$100,000.00
Bossa Nova Concepts, LLC	Greater Oakland	\$99,165.00
Industrial Learning Systems	Greater Oakland	\$100,000.00
Plextronics, Inc.	Greater Oakland	\$100,000.00
AT Sciences, LLC	Greater Oakland	\$100,000.00
Kiddix Computing, Inc.	Greater Oakland	\$8,690.50
Interbots, LLC	Greater Oakland	\$12,885.00
Stemnion, Inc.	Greater Oakland	\$100,000.00
DeepLocal, Inc.	Greater Oakland	\$100,000.00
Seegrid Corporation	Greater Oakland	\$100,000.00
Concurrent Electronic Design Automation	Greater Oakland	\$49,388.57
Directlink Technologies Corp.	Greater Reading	\$100,000.00
Applied Programming Technology, Inc.	Greater Susquehanna	\$100,000.00
Pinpoint Strategies, LLC	Greater Susquehanna	\$100,000.00
Apogee Biotechnology Corporation	Harrisburg Market	\$100,000.00
VQC Designs, LLC	Harrisburg Market	\$83,355.00
DMT Studio, Inc.	Harrisburg Market	\$5,325.00
Webpage FX	Harrisburg Market	\$100,000.00
Tex Visions, LLC	Harrisburg Market	\$100,000.00
BitLeap, LLC	Harrisburg Market	\$100,000.00
AClampet Enterprise	Huntingdon County	\$26,770.77
OTT Digital Systems, Inc.	Huntingdon County	\$100,000.00
NAC New Age Consulting	Huntingdon County	\$100,000.00
SMZ Ventures, Inc.	Huntingdon County	\$100,000.00
Raystown Wireless, Inc.	Huntingdon County	\$9,088.00
Steltek Graphics, Inc.	I-99 Innovation Corridor	\$100,000.00
GDA Corp.	I-99 Innovation Corridor	\$100,000.00
LCM Technologies	I-99 Innovation Corridor	\$17,457.00
Acera Technology, Inc.	I-99 Innovation Corridor	\$51,556.00
ATR of PA, Inc.	I-99 Innovation Corridor	\$100,000.00
Chemcut Holdings, LLC	I-99 Innovation Corridor	\$100,000.00
Ionsoft, Inc.	I-99 Innovation Corridor	\$100,000.00
Keystone Nano, Inc.	I-99 Innovation Corridor	\$100,000.00
Micromechatronics, Inc.	I-99 Innovation Corridor	\$100,000.00
Piezo Resonance Innovations, Inc.	I-99 Innovation Corridor	\$80,254.00
Qmac - Quality Machining, Inc.	I-99 Innovation Corridor	\$100,000.00
Quantum Bio, Inc.	I-99 Innovation Corridor	\$80,332.00
Quinn & Associates, Inc.	I-99 Innovation Corridor	\$79,122.00
Soft Genetics, LLC	I-99 Innovation Corridor	\$45,054.00
Strategic Polymer Sciences, Inc.	I-99 Innovation Corridor	\$100,000.00
Virtual Office Systems, Inc.	I-99 Innovation Corridor	\$96,008.50
Loridian, LLC	I-99 Innovation Corridor	\$74,159.00
Expansyn Technologies, Inc.	I-99 Innovation Corridor	\$53,442.00

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Wink Interactive	Lackawanna County	\$100,000.00
Iron-Tree Data Networks, Inc.	Lackawanna County	\$100,000.00
Iron-Tree Voice Networks, Inc.	Lackawanna County	\$100,000.00
BlackOut Design, Inc.	Lackawanna County	\$48,048.50
Talent Clearing House, Inc.	Luzerne County	\$30,984.50
Creative Alternatives LTD	Luzerne County	\$52.75
Cornerstone Counseling & Consulting Specialists, LLC	Luzerne County	\$2,607.50
KBJ Holdings, LLC	Luzerne County	\$100,000.00
Solid Cactus, Inc.	Luzerne County	\$100,000.00
Synergistic Networks, Inc.	Luzerne County	\$100,000.00
Convergence Communications, LLC	Luzerne County	\$85,414.00
Elinfonet.com, LLC	Luzerne County	\$2,375.00
Rhoads Shipbuilders & Fabricators, LLC	Navy Yard	\$100,000.00
Freedom Sciences, LLC	Navy Yard	\$100,000.00
InnerLink, Inc.	Northwest Lancaster City	\$100,000.00
Iron Compass Map Company	Northwest Lancaster City	\$29,492.00
Premier Companies, LLC	Northwest Lancaster City	\$100,000.00
Linear Acoustic, Inc.	Northwest Lancaster City	\$100,000.00
InspectTech Systems, Inc.	Pittsburgh Central	\$99,542.25
A Sound Strategy, Inc.	Pocono Mountains	\$64,090.00
FD Software Enterprises, LLC	Pocono Mountains	\$100,000.00
BioBuffer Solutions, Inc.	Pocono Mountains	\$90,878.00
Stellar Financial, Inc.	Pocono Mountains	\$100,000.00
Right Reason Technologies, LLC	Pocono Mountains	\$100,000.00
Chaperone Technologies, Inc.	Pocono Mountains	\$100,000.00
Knowledge Management Ventures, Inc.	South Bethlehem	\$100,000.00
hField Technologies, Inc.	South Bethlehem	\$100,000.00
Azevan Pharmaceuticals, Inc.	South Bethlehem	\$100,000.00
Lehigh Nanotech, LLC	South Bethlehem	\$33,661.25
EcoTech Nanosystems, Inc.	South Bethlehem	\$34,806.00
AtiGen, LLC	South Bethlehem	\$5,854.00
EcoTech Marine, LLC	South Bethlehem	\$100,000.00
EMV Technologies, LLC	Southside Bethlehem	\$62,199.50
Orion Security LSP, LLC	Southside Bethlehem	\$21,590.72
Integral Molecular, Inc.	University City	\$100,000.00
Etoims Medical Technology, LLC	University City	\$11,500.00
Infrascan, Inc.	University City	\$100,000.00
BioNanoMatrix, Inc.	University City	\$53,256.00
Reacta Corporation	University City	\$28,125.00
Transposagen Biopharmaceuticals, Inc.	University City	\$100,000.00
Cira Discovery Sciences	University City	\$87,064.00
Polymedix, Inc.	University City	\$100,000.00
AVID Radiopharmaceuticals, Inc.	University City	\$100,000.00
Phenotech, Inc.	University City	\$100,000.00
eSource	University City	\$100,000.00
Keystone Outdoor Products Co.	Williamsport/Lycoming	\$751.00
Keystone Leather Distributors, LLC	Williamsport/Lycoming	\$99,491.00
AmerITGrads, LLC	Williamsport/Lycoming	\$83,741.00

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Discovery Machine, Inc.	Williamsport/Lycoming	\$100,000.00
Lang's Chocolates	Williamsport/Lycoming	\$3,700.00
Tasseron Sensors, Inc.	Williamsport/Lycoming	\$76,398.00
Marine Tech Wire and Cable, Inc.	York	\$100,000.00
SME Foods, LLC	York	\$98,235.00
York Laboratories, LLC	York	\$91,760.00
Coupling Corporation of America, Inc.	York	\$100,000.00
Aptagen, LLC	York	\$2,609.00
Total = 126 Approved Applicants for KIZ Tax Credits		\$9,640,654.56

KIZ Tax Credit Assignment Program

There were a total of 135 transfers of KIZ tax credits approved throughout 2009, totaling \$8,755,761.45. Transferred KIZ tax credits must be utilized by the buyer/assignee during the year of purchase or the tax credit will be lost. TABLE 2 below lists the transfer of tax credits during 2009.

TABLE 2 - All Entities that acquired KIZ Tax Credits in 2009

*Please note that instances where a buyer/assignee acquired more than one credit transaction the number and amount transferred has been subtotaled.

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
Allegheny Energy Supply Company, Inc.	\$60,836.00
Allegheny Energy Supply Company, Inc.	\$100,000.00
Allegheny Energy Supply Company, Inc.	\$160,836.00
Apple, Inc.	\$52.75
Apple, Inc.	\$2,607.50
Apple, Inc.	\$9,283.00
Apple, Inc.	\$9,823.00
Apple, Inc.	\$21,590.72
Apple, Inc.	\$28,125.00
Apple, Inc.	\$30,984.50
Apple, Inc.	\$34,806.00
Apple, Inc.	\$38,454.00
Apple, Inc.	\$48,048.50
Apple, Inc.	\$68,734.00
Apple, Inc.	\$78,742.00
Apple, Inc.	\$87,309.00
Apple, Inc.	\$92,000.00
Apple, Inc.	\$92,878.00

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
Apple, Inc.	\$97,658.00
Apple, Inc.	\$98,857.00
Apple, Inc.	\$98,980.25
Apple, Inc.	\$99,170.00
Apple, Inc.	\$99,403.00
Apple, Inc.	\$99,642.00
Apple, Inc.	\$99,989.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$1,937,137.22
Armstrong Utilities, Inc.	\$500.00
Armstrong Utilities, Inc.	\$8,690.50
Armstrong Utilities, Inc.	\$98,000.00
Armstrong Utilities, Inc.	\$100,000.00
Armstrong Utilities, Inc.	\$100,000.00
Armstrong Utilities, Inc.	\$100,000.00
Armstrong Utilities, Inc.	\$407,190.50
CNB Bank	\$100,000.00
David Palmer	\$1,161.00
Dru Sedwick	\$10,400.00
Dutch Valley Food Company, Inc.	\$100,000.00
Ellen K Campbell	\$970.00
Gay Stewart	\$1,300.00
Jay Sedwick	\$15,500.00
John Feghhali	\$1,285.00
Joseph V. Paterno	\$40,000.00
Joyce Bussler	\$40,000.00
Jud L. Sedwick Grandchildren's Trust	\$8,556.00
Jud L. Sedwick Grandchildren's Trust	\$27,500.71
Jud L. Sedwick Grandchildren's Trust	\$100,000.00
Jud L. Sedwick Grandchildren's Trust	\$136,056.71
Kenneth J. Moscone	\$25,000.00
Kenneth R. Jones	\$7,725.00
Kirby Campbell	\$13,300.00
Kishocoquillas Valley National Bank	\$80,254.00
Kishocoquillas Valley National Bank	\$100,000.00
Kishocoquillas Valley National Bank	\$180,254.00
Lackawanna Casualty Company	\$100,000.00
Linda Sedwick	\$5,700.00
Lori A. Misner	\$12,500.00
Massachusetts Mutual Life Insurance Company	\$17,457.00
Massachusetts Mutual Life Insurance Company	\$50,066.00
Massachusetts Mutual Life Insurance Company	\$53,442.00
Massachusetts Mutual Life Insurance Company	\$62,199.50

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
Massachusetts Mutual Life Insurance Company	\$80,444.50
Massachusetts Mutual Life Insurance Company	\$87,064.00
Massachusetts Mutual Life Insurance Company	\$99,310.00
Massachusetts Mutual Life Insurance Company	\$99,904.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$100,000.00
Massachusetts Mutual Life Insurance Company	\$1,349,887.00
Michael Bussler	\$4,929.00
Michael Bussler	\$60,000.00
Michael Bussler	\$73,598.00
Michael Bussler	\$99,777.00
Michael Bussler	\$99,994.00
Michael Bussler	\$338,298.00
NBC Rainbow Holding, Inc.	\$86,319.00
NBC Rainbow Holding, Inc.	\$94,011.00
NBC Rainbow Holding, Inc.	\$180,330.00
Randy A. Misner	\$2,282.00
Ronald L. Kradel	\$5,500.00
S&T Bank	\$2,347.00
S&T Bank	\$2,609.00
S&T Bank	\$12,885.00
S&T Bank	\$26,482.00
S&T Bank	\$26,770.77
S&T Bank	\$27,505.75
S&T Bank	\$28,837.00
S&T Bank	\$45,054.00
S&T Bank	\$51,556.00
S&T Bank	\$54,497.00
S&T Bank	\$54,840.00
S&T Bank	\$79,009.00
S&T Bank	\$80,322.00
S&T Bank	\$83,741.00
S&T Bank	\$92,931.50
S&T Bank	\$94,000.00
S&T Bank	\$95,594.00
S&T Bank	\$99,435.00
S&T Bank	\$99,500.00
S&T Bank	\$99,787.00
S&T Bank	\$99,914.00
S&T Bank	\$100,000.00
S&T Bank	\$100,000.00
S&T Bank	\$100,000.00

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
S&T Bank	\$100,000.00
S&T Bank	\$100,000.00
S&T Bank	\$1,757,617.02
Sarjoun Skaff	\$1,125.00
Selective Insurance Company of America	\$95,443.00
Selective Insurance Company of America	\$99,409.00
Selective Insurance Company of America	\$194,852.00
Selective Insurance Company of the South Carolina	\$32,024.00
Selective Insurance Company of the South Carolina	\$93,095.00
Selective Insurance Company of the South Carolina	\$99,890.00
Selective Insurance Company of the South Carolina	\$225,009.00
Selective Insurance Company of the Southeast	\$22,388.00
Selective Insurance Company of the Southeast	\$97,648.00
Selective Insurance Company of the Southeast	\$100,000.00
Selective Insurance Company of the Southeast	\$100,000.00
Selective Insurance Company of the Southeast	\$320,036.00
Selective Way Insurance Company	\$5,854.00
Selective Way Insurance Company	\$32,142.00
Selective Way Insurance Company	\$45,315.00
Selective Way Insurance Company	\$51,440.00
Selective Way Insurance Company	\$88,833.00
Selective Way Insurance Company	\$99,107.00
Selective Way Insurance Company	\$99,952.00
Selective Way Insurance Company	\$100,000.00
Selective Way Insurance Company	\$100,000.00
Selective Way Insurance Company	\$622,643.00
Susquehanna Bank	\$100,000.00
Susquehanna Bank	\$68,187.00
Susquehanna Bank	\$100,000.00
Susquehanna Bank	\$268,187.00
Suzanne P. Paterno	\$10,000.00
Trudy Sedwick	\$1,100.00
Weis Markets, Inc.	\$78,920.00
William Stewart	\$11,900.00
York Traditions Bank	\$91,760.00
Total = 135 Approved Transfers	\$8,755,761.45

Summary

In the third year of the KIZ Tax Credit Program over \$9.6 million in tax credits were awarded to Pennsylvania KIZ companies. Many of these tax credits were sold through the assignment provision of the program. These assignments provided young Pennsylvania companies with a substantial amount of working capital that was available to meet critical needs, including: covering capital expenditures, expansion of their workforce, operational expenses, and even to make companies more attractive to venture investment.