

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, and fall within one of the targeted industry segments adopted by the KIZ. 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/sale 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 second year of KIZ tax credit approvals was on December 15, 2007. Of the 105 companies that applied for KIZ tax credits, 98 were awarded tax credits for a total of \$6,933,132.79. Table 1 provides a listing of awarded KIZ tax credits during the second year of the program.

TABLE 1 (List of companies awarded credits, location, amount of award)

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
American Precision Powder Coating, LLC	Beaver	\$41,000.89
BG&S Peening and Consulting, LLC	Beaver	\$11,273.00
Computer Consulting Team, LLC	Beaver	\$70,291.00
Instrument Calibration Solutions	Beaver	\$90,328.50
Nito Technologies, Inc.	Beaver	\$39,355.70
BioPreserve, LLC	Erie	\$8,089.60
KD Industries, LLC	Erie	\$100,000.00
McManis Associates, Inc.	Erie	\$100,000.00
Newline Creations, LLC	Erie	\$93,170.71
Spinworks, LLC	Erie	\$100,000.00
Applied Computational Technologies, LLC	Greater Johnstown	\$12,424.00
In-shore Technologies, Inc.	Greater Johnstown	\$39,779.00
Integrated Systems Management Group, LTD	Greater Johnstown	\$80,265.00
Integrated Technology and Services International	Greater Johnstown	\$8,766.00
Kongsberg Defense Corporation	Greater Johnstown	\$100,000.00
Shrift Small Business Consulting, LLC	Greater Johnstown	\$52,745.50
AEI Technologies, Inc.	Greater Oakland	\$100,000.00

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Agentase, LLC	Greater Oakland	\$100,000.00
Akustica, Inc.	Greater Oakland	\$100,000.00
AT Sciences, LLC	Greater Oakland	\$11,273.00
College Prowler, Inc.	Greater Oakland	\$100,000.00
Crystalplex Corp	Greater Oakland	\$8,468.50
Energy Technology Partners, LLC	Greater Oakland	\$100,000.00
Flourous Technologies, Inc.	Greater Oakland	\$9,159.00
Industrial Learning Systems	Greater Oakland	\$7,500.00
Interbots, LLC	Greater Oakland	\$7,644.00
Multimodal Technologies, Inc.	Greater Oakland	\$100,000.00
PinMed, Inc.	Greater Oakland	\$29,537.50
Plextronics, Inc.	Greater Oakland	\$100,000.00
Stemnion, LLC	Greater Oakland	\$100,000.00
SureHealth LTC, LLC	Greater Susquehanna	\$100,000.00
Automation Systems Interconnect, Inc.	Harrisburg Market	\$39,347.00
Bitleap, LLC	Harrisburg Market	\$100,000.00
DMT Studio, Inc.	Harrisburg Market	\$14,771.50
Express Dynamics	Harrisburg Market	\$37,209.00
PC + Network Associates, Inc.	Harrisburg Market	\$69,616.38
Tex Visions, LLC	Harrisburg Market	\$100,000.00
VQC Designs, LLC	Harrisburg Market	\$75,845.52
Z-Band, Inc.	Harrisburg Market	\$41,351.00
Griffith Brothers Whitetail Ridge, Inc.	Huntingdon	\$100,000.00
New Age Consulting Corp (NAC)	Huntingdon	\$100,000.00
PDFA Genetics Roundup	Huntingdon	\$100,000.00
Raystown Wireless, Inc.	Huntingdon	\$8,556.00
The Tech Center/ Aclampet Enterprise	Huntingdon	\$36,789.45
Acera Technology, Inc.	I-99 Corridor	\$87,368.00
ATR of PA, Inc.	I-99 Corridor	\$100,000.00
Chemcut Holdings, LLC	I-99 Corridor	\$100,000.00
Dosebusters USA, Inc.	I-99 Corridor	\$100,000.00
Earl L. Garber	I-99 Corridor	\$77,343.50
Envelope Machine Parts, Inc.	I-99 Corridor	\$100,000.00
Ionzoft, Inc.	I-99 Corridor	\$100,000.00
Keystone Nano, Inc.	I-99 Corridor	\$51,500.00
LCM Technologies, Inc.	I-99 Corridor	\$54,495.00
Mazur Media, LLC	I-99 Corridor	\$29,926.50
Micromechatronics, Inc.	I-99 Corridor	\$100,000.00
Price Corporation	I-99 Corridor	\$64,201.00
QBC Diagnostics, Inc.	I-99 Corridor	\$100,000.00
QuantumBio, Inc.	I-99 Corridor	\$19,418.00
S & R Holdings, LLC	I-99 Corridor	\$100,000.00
Schoolwires, Inc.	I-99 Corridor	\$100,000.00

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Soft Genetics	I-99 Corridor	\$100,000.00
Virtual Office Systems, Inc.	I-99 Corridor	\$100,000.00
Chaperone Technologies, Inc.	Lackawanna	\$45,567.58
Paperless Practice	Lackawanna	\$100,000.00
TMG Health	Lackawanna	\$100,000.00
Auction Inn Corp	Lancaster	\$100,000.00
Innerlink, Inc.	Lancaster	\$80,156.00
Iron Compass Map Company	Lancaster	\$100,000.00
Premier Companies, LLC	Lancaster	\$100,000.00
Babyage.com	Luzerne	\$100,000.00
Convergence Communications, LLC	Luzerne	\$32,142.00
Dr. Marie C. Gray	Luzerne	\$13,534.50
KBJ Holdings (Pepperjam)	Luzerne	\$100,000.00
Solid Cactus, Inc.	Luzerne	\$100,000.00
The Jenny Rose Specialized Therapy Center	Luzerne	\$54,877.00
FD Software Enterprises, LLC	Pocono Mountains	\$94,656.00
MegaPhase, LLC	Pocono Mountains	\$100,000.00
Stellar Financial, Inc.	Pocono Mountains	\$100,000.00
Azevan Pharmaceuticals, Inc.	Southside Bethlehem	\$98,828.00
Ciclon Semiconductor Device Corporation	Southside Bethlehem	\$100,000.00
EcoTech Marine, LLC	Southside Bethlehem	\$100,000.00
EMV Innovative Material Technologies, LLC	Southside Bethlehem	\$17,419.00
Exscribe, Inc.	Southside Bethlehem	\$4,979.00
Grid Sentinel, Inc.	Southside Bethlehem	\$28,219.00
Halide Group	Southside Bethlehem	\$100,000.00
hField Technologies, Inc.	Southside Bethlehem	\$18,623.00
Thor Power Corporation	Southside Bethlehem	\$29,500.00
AVID Radiopharmaceuticals, Inc.	University City	\$100,000.00
Cira Discovery Sciences	University City	\$39,900.00
Infrascan, Inc.	University City	\$59,325.00
Integral Molecular, Inc.	University City	\$98,206.00
Intellistem Orthopaedic Innovations, Inc.	University City	\$9,086.96
Phenotech, Inc.	University City	\$100,000.00
PloyMedix, Inc.	University City	\$100,000.00
Recovery Networks	University City	\$79,305.00
Keystone Leather Distributors, LLC	Williamsport/Lycoming	\$100,000.00
Phoenix Trim Works, Inc.	Williamsport/Lycoming	\$100,000.00
Tasseron Sensors, Inc.	Williamsport/Lycoming	\$100,000.00
Total		\$6,933,132.79

KIZ Tax Credit Assignment Program

There were a total of 107 transfers of KIZ tax credits approved throughout 2008, totaling \$6,330,362.34. 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 2008.

TABLE 2- All Entities that acquired KIZ Tax Credits in 2008

*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
Advisorport, Inc.	\$25,000.00
Armstrong Utilities, Inc.	\$7,644.00
Armstrong Utilities, Inc.	\$8,766.00
Armstrong Utilities, Inc.	\$9,141.00
Armstrong Utilities, Inc.	\$29,901.00
Armstrong Utilities, Inc.	\$36,789.45
Armstrong Utilities, Inc.	\$69,616.38
Armstrong Utilities, Inc.	\$87,368.00
Armstrong Utilities, Inc.	\$87,600.00
Armstrong Utilities, Inc.	\$93,200.00
Armstrong Utilities, Inc.	\$98,000.00
Armstrong Utilities, Inc.	\$100,000.00
Armstrong Utilities, Inc., Total	\$1,128,025.83
BlackRock Distributors, Inc.	\$56,000.00
Donaldson Company, Inc.	\$7,843.00
Donaldson Company, Inc.	\$44,441.00
Donaldson Company, Inc., Total	\$52,284.00
Dru Sedwick	\$12,000.00
Edgar Davis	\$6,800.00
Ellen K Campbell	\$2,900.00
Gay Stewart	\$3,000.00
Jay Sedwick	\$39,000.00
Kenneth J. Moscone	\$65,649.00
Kirby Campbell	\$24,000.00

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
Linda Sedwick	\$4,000.00
Northwest Savings Bank	\$8,089.60
Northwest Savings Bank	\$100,000.00
Northwest Savings Bank, Total	\$108,089.60
Pfizer	\$9,087.00
Pfizer	\$22,609.00
Pfizer	\$28,219.00
Pfizer	\$50,000.00
Pfizer	\$54,495.00
Pfizer	\$82,209.00
Pfizer	\$97,543.00
Pfizer	\$97,972.00
Pfizer	\$100,000.00
Pfizer	\$100,000.00
Pfizer, Total	\$642,134.00
PFPC Distributors, Inc.	\$8,468.00
PFPC Distributors, Inc.	\$41,990.00
PFPC Distributors, Inc., Total	\$50,458.00
PFPC, Inc.	\$27,716.00
PFPC, Inc.	\$29,500.00
PFPC, Inc.	\$39,900.00
PFPC, Inc.	\$94,656.00
PFPC, Inc.	\$98,206.00
PFPC, Inc., Total	\$289,978.00
PNC Community Partners	\$13,534.00
PNC Financial Services Group, Inc.	\$8,000.00
PNC Financial Services Group, Inc.	\$14,748.00
PNC Financial Services Group, Inc.	\$18,623.00
PNC Financial Services Group, Inc.	\$25,000.00
PNC Financial Services Group, Inc.	\$37,679.00
PNC Financial Services Group, Inc.	\$52,745.50
PNC Financial Services Group, Inc.	\$92,924.00
PNC Financial Services Group, Inc.	\$100,000.00
PNC Financial Services Group, Inc.	\$100,000.00
PNC Financial Services Group, Inc.	\$100,000.00
PNC Financial Services Group, Inc., Total	\$549,719.50
PNC Investments, LLC	\$25,000.00
Point Roll, Inc.	\$2,176.00
Point Roll, Inc.	\$20,000.00
Point Roll, Inc.	\$45,467.00
Point Roll, Inc.	\$59,325.00
Point Roll, Inc.	\$79,305.00

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
Point Roll, Inc.	\$94,183.00
Point Roll, Inc.	\$95,000.00
Point Roll, Inc.	\$95,422.00
Point Roll, Inc.	\$99,975.00
Point Roll, Inc.	\$100,000.00
Point Roll, Inc., Total	\$690,853.00
Ronald Kradel	\$5,600.00
Ronald Sullivan	\$17,419.00
Ronald Sullivan	\$30,000.00
Ronald Sullivan	\$99,436.00
Ronald Sullivan	\$100,000.00
Ronald Sullivan	\$100,000.00
Ronald Sullivan, Total	\$346,855.00
S&T Bank	\$7,500.00
S&T Bank	\$11,273.00
S&T Bank	\$14,771.50
S&T Bank	\$19,418.00
S&T Bank	\$29,426.50
S&T Bank	\$39,355.00
S&T Bank	\$41,000.89
S&T Bank	\$51,500.00
S&T Bank	\$64,201.00
S&T Bank	\$70,291.00
S&T Bank	\$71,845.52
S&T Bank	\$77,343.50
S&T Bank	\$90,328.50
S&T Bank	\$92,500.00
S&T Bank	\$99,067.00
S&T Bank	\$99,200.00
S&T Bank	\$99,500.00
S&T Bank	\$100,000.00
S&T Bank, Total	\$1,978,521.41
Trudy Sedwick	\$1,900.00

Buyer/Assignee	Amount of Tax Credit to be Sold/Assigned
William Stewart	\$6,800.00
William Stewart	\$13,200.00
William Stewart, Total	\$20,000.00
Wipro, Ltd.	\$89,061.00
Wipro, Ltd.	\$100,000.00
Wipro, Ltd., Total	\$189,061.00
Total = 107 Approved Applications	\$6,330,362.34

Summary

In the second year of the KIZ Tax Credit Program over \$6.9 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 utilized to meet critical needs, including covering capital expenditures, expansion of their workforce, operational expenses, and even to make companies more attractive to venture investment.