

Keystone Innovation Zone Tax Credit & Tax Credit Sale Legislative Report for 2010

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 meet 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 to assist 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 fourth year of KIZ tax credit approvals were issued on December 15, 2009. Of the 178 companies that applied for KIZ tax credits, 175 were awarded tax credits for a total of \$12,861,840. Table 1 provides a listing of awarded KIZ tax credits during the fourth 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
American Precision Powder Coating, LLC	Beaver County KIZ	\$77,724
Computer Consulting Team, LLC	Beaver County KIZ	\$59,647
Expert Data Labs, LLC	Beaver County KIZ	\$26,797
Healthcare Support Technologies	Beaver County KIZ	\$53,670
Instrument Calibration Solutions	Beaver County KIZ	\$16,624
McDanel Advanced Ceramic Technologies	Beaver County KIZ	\$100,000
Nitor Technologies, Inc.	Beaver County KIZ	\$2,065
Accu Measurement & Testing, Inc.	BioLaunch611+	\$100,000
One World Biotech, Inc.	BioLaunch611+	\$49,495
Vascular Strategies, LLC	BioLaunch611+	\$77,570
Vitae Pharmaceuticals, Inc.	BioLaunch611+	\$100,000
Enantigen Therapeutics, Inc.	Bucks County Biotech KIZ	\$27,500
Immunotope, Inc.	Bucks County Biotech KIZ	\$54,392
Lone Oak Medical Technologies, LLC	Bucks County Biotech KIZ	\$100,000
Pharmabridge, Inc.	Bucks County Biotech KIZ	\$100,000
Sonitu Pharmaceuticals, LLC	Bucks County Biotech KIZ	\$56,000
Bythezip.com Directory, Inc.	Chester County KIZ	\$100,000
Frontage Laboratories, Inc.	Chester County KIZ	\$100,000
Melior Discovery, Inc.	Chester County KIZ	\$100,000
Molecular Targeting Technologies, Inc.	Chester County KIZ	\$100,000
Neuronetics, Inc.	Chester County KIZ	\$100,000

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Progenra, Inc.	Chester County KIZ	\$100,000
Shifa Biomedical Corp.	Chester County KIZ	\$93,251
Ablaze Development Corp.	Delaware County KIZ	\$88,899
Brandywine Optics, Inc.	Delaware County KIZ	\$100,000
RL Associates, Inc.	Delaware County KIZ	\$100,000
Seneca Research Corp.	Delaware County KIZ	\$83,917
Wavecam Media, Inc.	Delaware County KIZ	\$62,201
BioPreserve, LLC	Erie KIZ	\$60,871
Dura-tite Systems, LLC	Erie KIZ	\$54,279
Lake Erie Biofuels, LLC	Erie KIZ	\$100,000
Spinworks, LLC	Erie KIZ	\$100,000
Velocity Labs, Inc.	Erie KIZ	\$100,000
Velocity.net Communications, Inc.	Erie KIZ	\$100,000
Vista Auctions	Erie KIZ	\$63,289
Visual Composites, LLC	Erie KIZ	\$25,897
Building Energy Savings Tech., LLC	Greater Johnstown KIZ	\$100,000
Fiberblade, LLC	Greater Johnstown KIZ	\$100,000
In-Shore Technologies	Greater Johnstown KIZ	\$100,000
ITSI BioSciences	Greater Johnstown KIZ	\$100,000
Pittbull Secure Technologies, Inc.	Greater Johnstown KIZ	\$100,000
Pivotal Technology Group, LLC	Greater Johnstown KIZ	\$33,510
Shrift Small Business Network Consulting, LLC (d.b.a) Precision Business Solutions	Greater Johnstown KIZ	\$57,020
Agent Dynamics, Inc.	Greater Oakland KIZ	\$9,809
ATRP Solutions, Inc.	Greater Oakland KIZ	\$70,941
Bossa Nova Concepts, LLC	Greater Oakland KIZ	\$26,632
Concurrent EDA	Greater Oakland KIZ	\$39,714
Crystalplex Corporation	Greater Oakland KIZ	\$18,241
DeepLocal, Inc.	Greater Oakland KIZ	\$41,375
Electric Owl Studios, LTD	Greater Oakland KIZ	\$23,804
First Insight, Inc.	Greater Oakland KIZ	\$34,750
ICX Agentase	Greater Oakland KIZ	\$100,000
ImPACT Applications, Inc.	Greater Oakland KIZ	\$34,897
Industrial Learning Systems, Inc.	Greater Oakland KIZ	\$59,781
Interbots, LLC	Greater Oakland KIZ	\$8,461
iRimsens, LLC	Greater Oakland KIZ	\$47,309
PinMed, Inc.	Greater Oakland KIZ	\$47,914
Plextronics, Inc.	Greater Oakland KIZ	\$100,000
Seegrid Corp.	Greater Oakland KIZ	\$100,000
Directlink Technology Corp	Greater Reading KIZ	\$100,000
Interactive Liquid, LLC	Greater Reading KIZ	\$100,000
Mogistic, LLC	Greater Reading KIZ	\$92,879
XenGenn, LLC	Greater Reading KIZ	\$100,000
ASET Solar	Greater Susquehanna	\$34,643
Pinpoint Strategies, LLC	Greater Susquehanna	\$24,345
Apogee Biotechnology Corporation	Harrisburg Market KIZ	\$100,000
Autumn Wave, LLC	Harrisburg Market KIZ	\$70,155

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
BitLeap, LLC	Harrisburg Market KIZ	\$100,000
Express Dynamics	Harrisburg Market KIZ	\$100,000
Tex Visions, LLC	Harrisburg Market KIZ	\$100,000
VQC Designs, LLC	Harrisburg Market KIZ	\$29,802
WebpageFX, Inc.	Harrisburg Market KIZ	\$100,000
Z-Band Video, Inc.	Harrisburg Market KIZ	\$100,000
NAC New Age Consulting	Huntingdon KIZ	\$45,757
Recycle-It Electronics	Huntingdon KIZ	\$97,687
Acera Technology, Inc.	I-99 KIZ	\$11,747
Appcove, Inc.	I-99 KIZ	\$14,774
Chemcut Holdings, LLC	I-99 KIZ	\$100,000
Empire CS, Inc.	I-99 KIZ	\$100,000
Expansyn Technologies, Inc.	I-99 KIZ	\$66,767
GDA Corp	I-99 KIZ	\$92,255
Indigo Biosciences, Inc.	I-99 KIZ	\$67,923
Intelmarx, LLC	I-99 KIZ	\$81,839
Keystone Nano, Inc.	I-99 KIZ	\$83,291
Loridian, LLC (d.b.a.) Sage Life Technologies	I-99 KIZ	\$100,000
Lunch Time Software, LLC	I-99 KIZ	\$100,000
Micromechatronics, Inc.	I-99 KIZ	\$100,000
NanoHorizons, Inc.	I-99 KIZ	\$59,112
Piezo Resonance Innovations, Inc.	I-99 KIZ	\$100,000
Qmac - Quality Machining, Inc.	I-99 KIZ	\$100,000
Quantum Bio, Inc.	I-99 KIZ	\$100,000
Quinn & Associates, Inc.	I-99 KIZ	\$54,630
Soft Genetics, LLC	I-99 KIZ	\$88,586
Steltek Graphics, Inc.	I-99 KIZ	\$40,187
Strategic Polymer Sciences, Inc.	I-99 KIZ	\$100,000
Ardiem Medical, Inc.	Indiana County KIZ	\$100,000
Digital Inventors Group, Inc.	Indiana County KIZ	\$25,604
Ecedent, LLC	Indiana County KIZ	\$12,475
Edge Communications, Inc.	Indiana County KIZ	\$63,650
Industrial Automation Solutions, Inc.	Indiana County KIZ	\$9,969
Innovative Flooring Products, Inc.	Indiana County KIZ	\$17,009
Learning Sciences International, LLC	Indiana County KIZ	\$100,000
Synergy Contracting Services, LLC	Indiana County KIZ	\$100,000
Blackout Design, Inc.	Lackawanna County KIZ	\$23,588
Customer For Life, LLC	Lackawanna County KIZ	\$8,800
Iron Tree Voice Networks, Inc.	Lackawanna County KIZ	\$46,488
Iron-tree Data Networks	Lackawanna County KIZ	\$100,000
Paperless Practice, Inc.	Lackawanna County KIZ	\$100,000
Wink Holdings, Inc.	Lackawanna County KIZ	\$100,000
App-Techs Corporation	Lancaster KIZ	\$100,000
InnerLink, Inc.	Lancaster KIZ	\$100,000
Iron Compass Map Company	Lancaster KIZ	\$84,882

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Premier Companies, LLC	Lancaster KIZ	\$100,000
Education Technology Services, LLC	Luzerne County KIZ	\$9,218
Ethos Gen, LLC	Luzerne County KIZ	\$7,799
KBJ Holdings, LLC	Luzerne County KIZ	\$100,000
Solid Cactus, Inc.	Luzerne County KIZ	\$100,000
Synergistic Networks, Inc.	Luzerne County KIZ	\$94,512
XL Communities, Inc.	Luzerne County KIZ	\$88,817
Basin Bridge, LLC	Navy Yard KIZ	\$82,500
Freedom Sciences, LLC	Navy Yard KIZ	\$100,000
Iroko Pharmaceuticals, LLC	Navy Yard KIZ	\$100,000
McKean Defense Group	Navy Yard KIZ	\$100,000
Y-Carbon, Inc.	Navy Yard KIZ	\$100,000
2W Technologies, LLC	Northwest KIZ	\$100,000
Abbatron, LLC	Northwest KIZ	\$100,000
Bright Hospitality, Inc.	Northwest KIZ	\$100,000
Clarion Boards, Inc.	Northwest KIZ	\$100,000
Optical Filters USA, LLC	Northwest KIZ	\$100,000
Bit-X-Bit, LLC	Pittsburgh Central KIZ	\$89,671
Bright Innovation, LLC	Pittsburgh Central KIZ	\$100,000
Cohera Medical, Inc.	Pittsburgh Central KIZ	\$78,580
dbMotion, Inc.	Pittsburgh Central KIZ	\$100,000
Ebenefits Solutions, LLC	Pittsburgh Central KIZ	\$100,000
InspectTech Systems, Inc.	Pittsburgh Central KIZ	\$100,000
Lechtzer Incorporated	Pittsburgh Central KIZ	\$37,436
Mechanical	Pittsburgh Central KIZ	\$1,612
Special Pathogens Laboratory, LLC	Pittsburgh Central KIZ	\$100,000
Wellspring Worldwide, LLC	Pittsburgh Central KIZ	\$100,000
A Sound Strategy, Inc.	Pocono Mountains	\$100,000
BioBuffer Solutions, Inc.	Pocono Mountains	\$100,000
FD Software Enterprises, LLC	Pocono Mountains	\$30,910
Right Reason Technologies, Inc.	Pocono Mountains	\$66,446
Atigen, LLC	Southside Bethlehem	\$53,651
Ciclon Semiconductor Device Corp.	Southside Bethlehem	\$100,000
Consarete Technologies, LLC	Southside Bethlehem	\$74,743
EcoTech Consulting, Inc.	Southside Bethlehem	\$100,000
EcoTech Marine, LLC	Southside Bethlehem	\$100,000
Grid Sentinel, Inc.	Southside Bethlehem	\$36,551
Orion Security LSP, LLC	Southside Bethlehem	\$41,777
Saladax Biomedical, Inc.	Southside Bethlehem	\$100,000
Third Eye Diagnostics, Inc.	Southside Bethlehem	\$4,250
Thor Power Corporation	Southside Bethlehem	\$15,424
Viddler, Inc.	Southside Bethlehem	\$38,264
HydroSpray Wash Systems, Inc.	Tri-County KIZ	\$93,343
RAK Computer Associates, Inc.	Tri-County KIZ	\$100,000
Avid Radiopharmaceuticals, Inc.	University City KIZ	\$100,000
BioNanomatrix, Inc.	University City KIZ	\$100,000

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Daedalus Innovations, LLC	University City KIZ	\$100,000
Etoims Medical Technology	University City KIZ	\$6,000
Integral Molecular, Inc.	University City KIZ	\$100,000
Integromics, Inc.	University City KIZ	\$100,000
Pulsar Informatics, Inc.	University City KIZ	\$100,000
Recovery Networks	University City KIZ	\$100,000
Ameritgrads, LLC	Williamsport/Lycoming	\$90,521
Bavarian Barbarian Brewing Co., LP	Williamsport/Lycoming	\$23,000
Keystone Leather Distributors, LLC	Williamsport/Lycoming	\$100,000
Lang's Chocolates	Williamsport/Lycoming	\$2,853
MMC Solutions	Williamsport/Lycoming	\$52,017
National Braid And Sequin, LLC	Williamsport/Lycoming	\$100,000
Tasseron Sensors, Inc.	Williamsport/Lycoming	\$100,000
Aptagen, LLC	York KIZ	\$22,607
Critical Materials/Precision Electronics Co., Inc.	York KIZ	\$100,000
SME Foods, LLC	York KIZ	\$34,151
York Laboratories, LLC	York KIZ	\$48,097
Total = 175 Approved Applicants for KIZ Tax Credits in 2009		\$12,861,840

KIZ Tax Credit Assignment Program

There were a total of 182 transfers of KIZ tax credits approved throughout 2010, totaling \$12,391,897.82. Transferred KIZ tax credits must be utilized by the buyer/assignee during the year of purchase or the tax credit will be lost. The number of transfers completed in 2010 includes transfers of tax credits originally awarded in 2009, credits awarded in previous years and/or credits split between multiple buyers. TABLE 2 below lists the transfer of tax credits during 2010.

TABLE 2 - All Entities that acquired KIZ Tax Credits in 2010

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

Buyer	Amount of Tax Credit Sold/Assigned
Apple, Inc.	\$4,250.00
Apple, Inc.	\$18,241.00
Apple, Inc.	\$46,455.00
Apple, Inc.	\$57,020.00
Apple, Inc.	\$65,740.00
Apple, Inc.	\$74,743.00
Apple, Inc.	\$85,414.00

Buyer	Amount of Tax Credit Sold/Assigned
Apple, Inc.	\$93,729.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$100,000.00
Apple, Inc.	\$745,592.00
Ardex L.P.	\$100,000.00
Armstrong Utilities, Inc.	\$16,308.00
Armstrong Utilities, Inc.	\$73,665.00
Armstrong Utilities, Inc.	\$89,973.00
CNB Bank	\$40,187.00
Daniel R. Little	\$1,157.00
Dutch Valley Food Company, Inc.	\$98,082.00
First Commonwealth Bank	\$1,538.00
First Commonwealth Bank	\$2,065.00
First Commonwealth Bank	\$2,489.00
First Commonwealth Bank	\$8,461.00
First Commonwealth Bank	\$9,218.00
First Commonwealth Bank	\$9,969.00
First Commonwealth Bank	\$14,774.00
First Commonwealth Bank	\$17,009.00
First Commonwealth Bank	\$25,604.00
First Commonwealth Bank	\$26,632.00
First Commonwealth Bank	\$39,714.00
First Commonwealth Bank	\$45,757.00
First Commonwealth Bank	\$53,670.00
First Commonwealth Bank	\$54,379.00
First Commonwealth Bank	\$66,274.00
First Commonwealth Bank	\$83,291.00
First Commonwealth Bank	\$89,243.00
First Commonwealth Bank	\$95,846.00
First Commonwealth Bank	\$97,687.00
First Commonwealth Bank	\$98,007.00
First Commonwealth Bank	\$99,417.00
First Commonwealth Bank	\$99,982.00
First Commonwealth Bank	\$99,985.00
First Commonwealth Bank	\$99,999.00
First Commonwealth Bank	\$100,000.00
First Commonwealth Bank	\$1,641,010.00
Hartford Casualty Insurance Company	\$23,588.00
Hartford Casualty Insurance Company	\$24,345.00
Hartford Casualty Insurance Company	\$34,131.00
Hartford Casualty Insurance Company	\$36,551.00
Hartford Casualty Insurance Company	\$61,738.00
Hartford Casualty Insurance Company	\$77,529.00
Hartford Casualty Insurance Company	\$87,868.00

Buyer	Amount of Tax Credit Sold/Assigned
Hartford Casualty Insurance Company	\$88,817.00
Hartford Casualty Insurance Company	\$91,355.00
Hartford Casualty Insurance Company	\$525,922.00
Hartford Life and Accident Insurance Company	\$70,000.00
Hartford Life and Accident Insurance Company	\$98,152.00
Hartford Life and Accident Insurance Company	\$99,909.00
Hartford Life and Accident Insurance Company	\$100,000.00
Hartford Life and Accident Insurance Company	\$100,000.00
Hartford Life and Accident Insurance Company	\$468,061.00
Joseph V. Paterno	\$25,000.00
Kenneth R. Jones	\$7,140.00
Lackawanna Casualty Company	\$94,512.00
Massachusetts Mutual Life Insurance Company	\$49,495.00
Massachusetts Mutual Life Insurance Company	\$54,392.00
Massachusetts Mutual Life Insurance Company	\$60,000.00
Massachusetts Mutual Life Insurance Company	\$66,767.00
Massachusetts Mutual Life Insurance Company	\$83,917.00
Massachusetts Mutual Life Insurance Company	\$89,565.00
Massachusetts Mutual Life Insurance Company	\$92,879.00
Massachusetts Mutual Life Insurance Company	\$93,251.00
Massachusetts Mutual Life Insurance Company	\$96,917.00
Massachusetts Mutual Life Insurance Company	\$99,689.00
Massachusetts Mutual Life Insurance Company	\$99,893.00
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
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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	\$1,986,765.00
Michael J. Miczo	\$30,000.00
Northwest Savings Bank	\$34,247.50
Northwest Savings Bank	\$100,000.00
Northwest Savings Bank	\$100,000.00
Northwest Savings Bank	\$234,247.50
Robert Lang	\$1,315.00
S&T Bank	\$11,747.00
S&T Bank	\$12,475.00
S&T Bank	\$16,624.00
S&T Bank	\$23,000.00
S&T Bank	\$25,897.00
S&T Bank	\$26,797.00
S&T Bank	\$34,750.00

Buyer	Amount of Tax Credit Sold/Assigned
S&T Bank	\$37,436.00
S&T Bank	\$45,422.00
S&T Bank	\$54,279.00
S&T Bank	\$59,647.00
S&T Bank	\$59,781.00
S&T Bank	\$63,289.00
S&T Bank	\$63,650.00
S&T Bank	\$67,923.00
S&T Bank	\$77,724.00
S&T Bank	\$81,839.00
S&T Bank	\$84,882.00
S&T Bank	\$88,586.00
S&T Bank	\$89,671.00
S&T Bank	\$90,600.00
S&T Bank	\$93,343.00
S&T Bank	\$94,405.00
S&T Bank	\$100,000.00
S&T Bank	\$2,103,767.00
Selective Insurance Company of America	\$15,424.00
Selective Insurance Company of America	\$34,643.00
Selective Insurance Company of America	\$100,000.00
Selective Insurance Company of America	\$100,000.00
Selective Insurance Company of America	\$100,000.00
Selective Insurance Company of America	\$350,067.00
Selective Insurance Company of the South Carolina	\$8,800.00
Selective Insurance Company of the South Carolina	\$25,636.00
Selective Insurance Company of the South Carolina	\$40,000.00
Selective Insurance Company of the South Carolina	\$53,651.00
Selective Insurance Company of the South Carolina	\$91,771.00
Selective Insurance Company of the South Carolina	\$95,000.00
Selective Insurance Company of the South Carolina	\$99,979.00
Selective Insurance Company of the South Carolina	\$99,991.00
Selective Insurance Company of the South Carolina	\$514,828.00
Selective Insurance Company of the Southeast	\$38,264.00
Selective Insurance Company of the Southeast	\$58,827.00
Selective Insurance Company of the Southeast	\$80,390.00
Selective Insurance Company of the Southeast	\$99,516.00
Selective Insurance Company of the Southeast	\$99,987.00
Selective Insurance Company of the Southeast	\$376,984.00
Selective Way Insurance Company	\$7,799.00
Selective Way Insurance Company	\$33,661.25

Buyer	Amount of Tax Credit Sold/Assigned
Selective Way Insurance Company	\$41,777.00
Selective Way Insurance Company	\$68,296.00
Selective Way Insurance Company	\$70,610.00
Selective Way Insurance Company	\$78,601.00
Selective Way Insurance Company	\$82,500.00
Selective Way Insurance Company	\$86,515.00
Selective Way Insurance Company	\$94,746.00
Selective Way Insurance Company	\$97,253.00
Selective Way Insurance Company	\$98,922.00
Selective Way Insurance Company	\$99,998.00
Selective Way Insurance Company	\$100,000.00
Selective Way Insurance Company	\$100,000.00
Selective Way Insurance Company	\$100,000.00
Selective Way Insurance Company	\$1,160,678.25
Susquehanna Bank	\$2,806.00
Susquehanna Bank	\$9,088.00
Susquehanna Bank	\$14,327.00
Susquehanna Bank	\$20,000.00
Susquehanna Bank	\$22,607.00
Susquehanna Bank	\$23,804.00
Susquehanna Bank	\$29,120.50
Susquehanna Bank	\$33,510.00
Susquehanna Bank	\$41,375.00
Susquehanna Bank	\$44,743.00
Susquehanna Bank	\$48,222.00
Susquehanna Bank	\$49,388.57
Susquehanna Bank	\$70,941.00
Susquehanna Bank	\$78,580.00
Susquehanna Bank	\$80,374.00
Susquehanna Bank	\$91,322.00
Susquehanna Bank	\$91,408.00
Susquehanna Bank	\$92,058.00
Susquehanna Bank	\$98,897.00
Susquehanna Bank	\$99,393.00
Susquehanna Bank	\$99,475.00
Susquehanna Bank	\$99,781.00
Susquehanna Bank	\$99,793.00
Susquehanna Bank	\$100,000.00
Susquehanna Bank	\$1,741,013.07
Suzanne P. Paterno	\$7,500.00
York Traditions Bank	\$48,097.00
Total = 182 Approved Transfers in 2010	\$12,391,897.82

Summary

In the fourth year of the KIZ Tax Credit Program over \$12.8 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.