

Keystone Innovation Zone Tax Credit & Tax Credit Sale Legislative Report for 2011

The Keystone Innovation Zone (KIZ) Tax Credit program provides for the award of up to \$25 million annually in 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 industry segments targeted by the KIZ program 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 fifth year of KIZ tax credit approvals were issued on December 15, 2010. Of the 160 companies that applied for KIZ tax credits, 152 were awarded tax credits for a total of \$10,026,452. Table 1 provides a listing of awarded KIZ tax credits during the fifth 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
BG&S Peening & Consulting	Beaver County KIZ	\$100,000
Expert Data Labs, LLC	Beaver County KIZ	\$66,529
Healthcare Support Technologies, Inc.	Beaver County KIZ	\$78,034
ICU Security Systems	Beaver County KIZ	\$17,505
Instrument Calibration Solutions	Beaver County KIZ	\$31,090
Metallized Surface Technology	Beaver County KIZ	\$100,000
Nitor Technologies, Inc.	Beaver County KIZ	\$44,283
Remote Optics	Beaver County KIZ	\$6,047
Accu Measurement & Testing, Inc.	BioLaunch611 KIZ	\$70,844
Biltmore Software Solutions, Inc.	BioLaunch611 KIZ	\$86,028
Jade Precision Medical Components, LLC	BioLaunch611 KIZ	\$100,000
Vascular Strategies, LLC	BioLaunch611 KIZ	\$30,398
Vitae Pharmaceuticals, Inc.	BioLaunch611 KIZ	\$61,206
Advanced Neural Dynamics, Inc.	Bucks County KIZ	\$36,600
Enantigen Therapeutics, Inc.	Bucks County KIZ	\$100,000
Fox Chase Chemical Diversity Center, Inc.	Bucks County KIZ	\$100,000
Immunotope, Inc.	Bucks County KIZ	\$100,000

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Pharmabridge, Inc.	Bucks County KIZ	\$60,635
Russell Biotech, Inc.	Bucks County KIZ	\$69,125
Serigene, LLC	Bucks County KIZ	\$23,000
Y-Carbon, Inc	Bucks County KIZ	\$100,000
Alliance Pharma, Inc.	Chester KIZ	\$100,000
Frontage Laboratories, Inc.	Chester KIZ	\$100,000
Molecular Targeting Technologies, Inc.	Chester KIZ	\$100,000
Neuronetics, Inc.	Chester KIZ	\$100,000
Progenra, Inc.	Chester KIZ	\$69,473
Shifa Biomedical	Chester KIZ	\$100,000
Y-Prime, Inc.	Chester KIZ	\$24,247
Brandywine Optics, Inc.	Delaware County KIZ	\$18,930
Phoenix S & T, Inc.	Delaware County KIZ	\$100,000
RL Associates	Delaware County KIZ	\$21,219
Seneca Reasearch Corporation	Delaware County KIZ	\$100,000
Wavecam Media, Inc.	Delaware County KIZ	\$67,986
Beaumont Development, LLC	Erie KIZ	\$88,422
JCR Sales and Manufacturing, LLC	Erie KIZ	\$1,702
KDIndustries, Inc.	Erie KIZ	\$100,000
LL Kurtz Manufacturing, Inc.	Erie KIZ	\$100,000
LL Kurtz, Inc.	Erie KIZ	\$91,168
Velocity.net Communications, Inc.	Erie KIZ	\$49,035
Vista Auctions, LLC	Erie KIZ	\$31,007
Visual Composites	Erie KIZ	\$100,000
Pennsylvania Breaker, LLC	Fayette/Washington KIZ	\$100,000
1st Team Advertising, LLC	Greater Johnstown KIZ	\$100,000
Building Energy Savings Technology, LLC	Greater Johnstown KIZ	\$100,000
Foix Systems, Inc.	Greater Johnstown KIZ	\$9,910
Illumina Clinical Associates, LLC	Greater Johnstown KIZ	\$100,000
In-Shore Technologies, Inc.	Greater Johnstown KIZ	\$73,870
ITSI Biosciences	Greater Johnstown KIZ	\$100,000
Pivotal Technology Group, LLC	Greater Johnstown KIZ	\$27,885
Shrift Small Business Network Consulting, LLC	Greater Johnstown KIZ	\$75,866
Allpoint Systems, LLC	Greater Oakland KIZ	\$8,032
ATRP Solutions, Inc.	Greater Oakland KIZ	\$55,847
Bossa Nova Concepts, LLC	Greater Oakland KIZ	\$100,000
College Prowler, Inc.	Greater Oakland KIZ	\$96,948
Deep Local, Inc.	Greater Oakland KIZ	\$100,000
Electric Owl Studios, Ltd.	Greater Oakland KIZ	\$99,037
ICX Agentase	Greater Oakland KIZ	\$100,000
ImPACT Applications, Inc.	Greater Oakland KIZ	\$100,000

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Interbots, LLC	Greater Oakland KIZ	\$36,112
iRimsens, LLC	Greater Oakland KIZ	\$100,000
PinMed, Inc.	Greater Oakland KIZ	\$4,125
Plextronics, Inc.	Greater Oakland KIZ	\$100,000
Interactive Liquid, LLC	Greater Reading KIZ	\$100,000
White Badger Group, Inc.	Greater Reading KIZ	\$19,674
Optimo Information Technology, LLC	Greater Susquehanna KIZ	\$100,000
Pinpoint Strategies, LLC	Greater Susquehanna KIZ	\$42,705
Markant Corporation	Harrisburg KIZ	\$100,000
Better Bowls, LLC	Harrisburg Market KIZ	\$40,179
Cruzstar, LLC	Harrisburg Market KIZ	\$2,042
Express Dynamics, LLC	Harrisburg Market KIZ	\$20,246
Webpage FX, Inc.	Harrisburg Market KIZ	\$66,181
Z-Band Video, Inc.	Harrisburg Market KIZ	\$100,000
NAC New Age Consulting	Huntington KIZ	\$71,962
Recycle-It Electronics	Huntington KIZ	\$87,502
Appcove, Inc.	I-99 Innovation Corridor KIZ	\$100,000
Empire CS, Inc.	I-99 Innovation Corridor KIZ	\$100,000
GDA Corp.	I-99 Innovation Corridor KIZ	\$57,939
Intelmarx, LLC	I-99 Innovation Corridor KIZ	\$17,443
Keystone Nano, Inc.	I-99 Innovation Corridor KIZ	\$100,000
M-Mech Defense, Inc.	I-99 Innovation Corridor KIZ	\$92,431
NanoHorizons	I-99 Innovation Corridor KIZ	\$100,000
Piezo Resonance Innovations, Inc.	I-99 Innovation Corridor KIZ	\$100,000
QuantumBio Incorporated	I-99 Innovation Corridor KIZ	\$53,868
Steltek Graphics, Inc.	I-99 Innovation Corridor KIZ	\$23,579
Strategic Polymer Sciences, Inc.	I-99 Innovation Corridor KIZ	\$100,000
Edge Communications, Inc.	Indiana County KIZ	\$21,587
Black Out Design, Inc.	Lackawanna KIZ	\$51,901
Customer for Life	Lackawanna KIZ	\$63,438
Danielle & Company, Inc.	Lackawanna KIZ	\$96,241
Diversified Disaster Recovery Services	Lackawanna KIZ	\$100,000
DNN Connection, Inc.	Lackawanna KIZ	\$62,390
Extundo Innovations, LLC	Lackawanna KIZ	\$21,721
Hydro 4 GE, Inc.	Lackawanna KIZ	\$49,269
Local Focal, Inc.	Lackawanna KIZ	\$100,000
Wink Interactive Media	Lackawanna KIZ	\$100,000
InnesFarm, Inc., dba Mission Research	Lancaster KIZ	\$40,813
Iron Compass Map Company	Lancaster KIZ	\$48,327
Nxtbook Media, LLC	Lancaster KIZ	\$100,000
Premier Companies, LLC	Lancaster KIZ	\$100,000
Cornerstone Counseling & Consulting Specialists, LLC	Luzerne County KIZ	\$6,568

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
EthosGen, LLC	Luzerne County KIZ	\$5,003
Synergistic Networks, Inc.	Luzerne County KIZ	\$100,000
Web.com Group, Inc.	Luzerne County KIZ	\$100,000
Basin Bridge, LLC	Navy Yard KIZ	\$100,000
Freedom Sciences, LLC	Navy Yard KIZ	\$100,000
McKean Defense Group	Navy Yard KIZ	\$100,000
2W Technologies, LLC	Northwest KIZ	\$25,700
Clarion Laminates, LLC	Northwest KIZ	\$100,000
Optical Filters USA, LLC	Northwest KIZ	\$100,000
Acuta Digital, Inc.	Pittsburgh Central KIZ	\$1,042
Bit-X-Bit, LLC	Pittsburgh Central KIZ	\$100,000
Bright Innovation, LLC	Pittsburgh Central KIZ	\$16,918
Cohera Medical, Inc.	Pittsburgh Central KIZ	\$100,000
DB Motion, Inc.	Pittsburgh Central KIZ	\$100,000
Ebenefits Solutions, LLC	Pittsburgh Central KIZ	\$100,000
eDigital Data Center, Inc.	Pittsburgh Central KIZ	\$99,250
Fooola, Inc.	Pittsburgh Central KIZ	\$12,090
Gearheadz, LLC, dba CloudFab	Pittsburgh Central KIZ	\$2,850
InspectTech Systems, Inc.	Pittsburgh Central KIZ	\$100,000
Lechtzer Incorporated	Pittsburgh Central KIZ	\$1,858
Special Pathogens Laboratory, LLC	Pittsburgh Central KIZ	\$100,000
Wombat Security Technologies, Inc.	Pittsburgh Central KIZ	\$76,903
FD Software Enterprises, LLC	Pocono Mountains KIZ	\$100,000
Azevan Pharmaceutical, s Inc.	South Bethlehem KIZ	\$52,031
EcoTech Consulting, Inc.	South Bethlehem KIZ	\$12,251
EcoTech Marine	South Bethlehem KIZ	\$100,000
EMV Technologies, LLC	South Bethlehem KIZ	\$17,440
Hager Biosciences, LLC	South Bethlehem KIZ	\$2,690
hField Technologies, Inc.	South Bethlehem KIZ	\$296
IMC Biotechnology, Inc.	South Bethlehem KIZ	\$8,323
Johnson-McCormick Technologies	South Bethlehem KIZ	\$47,394
Mosaic Interactive, LLC	South Bethlehem KIZ	\$45,258
Orion Security, LSP, LLC	South Bethlehem KIZ	\$41,414
Third Eye Diagnostics, Inc.	South Bethlehem KIZ	\$32,834
Viddler, Inc.	South Bethlehem KIZ	\$100,000
Hydro-Spray Wash Systems, Inc.	Tri-County KIZ	\$100,000
Avid Radiopharmaceuticals, Inc.	University City KIZ	\$100,000
BioNanomatrix, Inc.	University City KIZ	\$100,000
Integromics, Inc.	University City KIZ	\$92,901
Pulsar Informatics, Inc.	University City KIZ	\$100,000
Santelli Tempered Glass, Inc.	Westmoreland KIZ	\$30,213
Chatka Interactive, LLC	Wilkes-Barre City KIZ	\$88,383

Company	Keystone Innovation Zone	Amount of Tax Credit Awarded
Diverse Designs	Williamsport/Lycoming KIZ	\$19,793
Lang's Chocolates	Williamsport/Lycoming KIZ	\$15,130
MMC Solutions	Williamsport/Lycoming KIZ	\$27,017
Strouse Industrial, LLC	Williamsport/Lycoming KIZ	\$24,948
TQ Electronics Corporation	Williamsport/Lycoming KIZ	\$13,600
Alcoil, Inc.	York KIZ	\$15,004
Aptagen, LLC	York KIZ	\$5,068
Coupling Corporation of America, Inc.	York KIZ	\$100,000
Dataforma, Inc.	York KIZ	\$100,000
York Laboratories, LLC	York KIZ	\$2,699
Total = 152 Approved Applicants for KIZ Tax Credits in 2010		\$10,026,452

KIZ Tax Credit Assignment Program

There were a total of 156 transfers of KIZ tax credits approved throughout 2011, totaling \$9,032,180. 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 2011 includes transfers of tax credits originally awarded in 2010, credits awarded in previous years and/or credits split between multiple buyers. TABLE 2 below lists the transfer of tax credits during 2011.

TABLE 2 - All Entities that acquired KIZ Tax Credits in 2011

*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
Arkema, Inc.	\$100,000
Clifford E. Reed, III	\$2,287
CNB Bank	\$23,579
First Commonwealth Bank	\$2,042
First Commonwealth Bank	\$17,443
First Commonwealth Bank	\$21,587
First Commonwealth Bank	\$21,721
First Commonwealth Bank	\$25,598
First Commonwealth Bank	\$27,885
First Commonwealth Bank	\$31,007
First Commonwealth Bank	\$31,090

Buyer	Amount of Tax Credit Sold/Assigned
First Commonwealth Bank	\$36,112
First Commonwealth Bank	\$40,179
First Commonwealth Bank	\$55,847
First Commonwealth Bank	\$66,529
First Commonwealth Bank	\$80,000
First Commonwealth Bank	\$88,422
First Commonwealth Bank	\$95,519
First Commonwealth Bank	\$99,037
First Commonwealth Bank	\$99,250
First Commonwealth Bank	\$99,306
First Commonwealth Bank	\$100,000
First Commonwealth Bank	\$1,738,574
Fulton Bank, N.A.	\$99,391
Hartford Casualty Insurance Company	\$10,342
Hartford Casualty Insurance Company	\$10,877
Hartford Casualty Insurance Company	\$30,398
Hartford Casualty Insurance Company	\$32,834
Hartford Casualty Insurance Company	\$92,901
Hartford Casualty Insurance Company	\$177,352
Hartford Life and Accident Insurance Company	\$12,251
Hartford Life and Accident Insurance Company	\$41,414
Hartford Life and Accident Insurance Company	\$51,326
Hartford Life and Accident Insurance Company	\$67,986
Hartford Life and Accident Insurance Company	\$70,155
Hartford Life and Accident Insurance Company	\$70,844
Hartford Life and Accident Insurance Company	\$99,327
Hartford Life and Accident Insurance Company	\$100,000
Hartford Life and Accident Insurance Company	\$513,303
Earl Hennenhoefer	\$3,635
Howard Minnick, Jr	\$3,200

Buyer	Amount of Tax Credit Sold/Assigned
Jonathan Minnick	\$221
Karie A. Craig	\$6,000
Kiz Resources, LLC	\$1,352
Lackawanna Casualty Company	\$100,000
Massachusetts Mutual Life Insurance Company	\$21
Massachusetts Mutual Life Insurance Company	\$4,991
Massachusetts Mutual Life Insurance Company	\$5,334
Massachusetts Mutual Life Insurance Company	\$20,246
Massachusetts Mutual Life Insurance Company	\$27,485
Massachusetts Mutual Life Insurance Company	\$30,802
Massachusetts Mutual Life Insurance Company	\$39,851
Massachusetts Mutual Life Insurance Company	\$47,720
Massachusetts Mutual Life Insurance Company	\$62,390
Massachusetts Mutual Life Insurance Company	\$69,125
Massachusetts Mutual Life Insurance Company	\$72,929
Massachusetts Mutual Life Insurance Company	\$75,866
Massachusetts Mutual Life Insurance Company	\$88,105
Massachusetts Mutual Life Insurance Company	\$94,666
Massachusetts Mutual Life Insurance Company	\$99,097
Massachusetts Mutual Life Insurance Company	\$99,771
Massachusetts Mutual Life Insurance Company	\$100,000
Massachusetts Mutual Life Insurance Company	\$100,000
Massachusetts Mutual Life Insurance Company	\$100,000
Massachusetts Mutual Life Insurance Company	\$1,138,399
Matthew D. Norris	\$1,769
Michael D. Schall	\$3,192
Michael Manning	\$95
Northwest Savings Bank	\$100,000
Richard M. Scaife	\$99,639
Richard Snyder	\$3,114
Robert Stine	\$2,595
S&T Bank	\$8,032
S&T Bank	\$12,090
S&T Bank	\$24,948
S&T Bank	\$30,213
S&T Bank	\$48,671
S&T Bank	\$55,000

Buyer	Amount of Tax Credit Sold/Assigned
S&T Bank	\$71,962
S&T Bank	\$76,903
S&T Bank	\$87,502
S&T Bank	\$89,092
S&T Bank	\$89,721
S&T Bank	\$91,168
S&T Bank	\$100,000
S&T Bank	\$100,000
S&T Bank	\$100,000
S&T Bank	\$985,302
Selective Insurance Company of America	\$45,258
Selective Insurance Company of America	\$60,635
Selective Insurance Company of America	\$97,168
Selective Insurance Company of America	\$203,061
Selective Insurance Company of the South Carolina	\$100,000
Selective Insurance Company of the Southeast	\$8,323
Selective Insurance Company of the Southeast	\$47,394
Selective Insurance Company of the Southeast	\$51,901
Selective Insurance Company of the Southeast	\$96,695
Selective Insurance Company of the Southeast	\$97,941
Selective Insurance Company of the Southeast	\$99,841
Selective Insurance Company of the Southeast	\$402,095
Selective Way Insurance Company	\$2,690
Selective Way Insurance Company	\$4,161
Selective Way Insurance Company	\$6,568
Selective Way Insurance Company	\$17,440
Selective Way Insurance Company	\$18,930
Selective Way Insurance Company	\$20,389
Selective Way Insurance Company	\$25,248
Selective Way Insurance Company	\$57,664
Selective Way Insurance Company	\$63,438
Selective Way Insurance Company	\$69,473
Selective Way Insurance Company	\$86,028
Selective Way Insurance Company	\$86,536
Selective Way Insurance Company	\$93,689
Selective Way Insurance Company	\$99,702
Selective Way Insurance Company	\$99,942

Buyer	Amount of Tax Credit Sold/Assigned
Selective Way Insurance Company	\$100,000
Selective Way Insurance Company	\$1,251,898
Susquehanna Bank	\$1,702
Susquehanna Bank	\$5,068
Susquehanna Bank	\$6,047
Susquehanna Bank	\$9,910
Susquehanna Bank	\$12,505
Susquehanna Bank	\$13,730
Susquehanna Bank	\$16,918
Susquehanna Bank	\$17,505
Susquehanna Bank	\$23,327
Susquehanna Bank	\$44,283
Susquehanna Bank	\$45,000
Susquehanna Bank	\$48,327
Susquehanna Bank	\$51,611
Susquehanna Bank	\$53,686
Susquehanna Bank	\$73,600
Susquehanna Bank	\$78,034
Susquehanna Bank	\$92,431
Susquehanna Bank	\$94,837
Susquehanna Bank	\$96,948
Susquehanna Bank	\$99,723
Susquehanna Bank	\$100,000
Susquehanna Bank	\$1,385,192
Texas Instruments Incorporated	\$91,549
The Fidelity Deposit and Discount Bank	\$49,269
The Hartford Fire Insurance Company	\$14,985
The Hartford Fire Insurance Company	\$23,000
The Hartford Fire Insurance Company	\$95,415

Buyer	Amount of Tax Credit Sold/Assigned
The Hartford Fire Insurance Company	\$96,241
The Hartford Fire Insurance Company	\$97,777
The Hartford Fire Insurance Company	\$100,000
The Hartford Fire Insurance Company	\$427,418
UPMC Diversified Services, Inc.	\$10,000
William S. Craig, Jr.	\$6,000
York Traditions Bank	\$2,699
Total = 156 Approved Transfers in 2011	\$9,032,180

Summary

In the fifth year of the KIZ Tax Credit Program over \$10 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.