

**KEYSTONE INNOVATION ZONE (KIZ)
TAX CREDIT PROGRAM
AND
KIZ TAX CREDIT SALE PROGRAM**

Program Guidelines

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Section I - General

A. Introduction:

The Keystone Innovation Zone Tax Credit Program is a key component of the Keystone Innovation Zone (KIZ) Program. The KIZ Program, established in 2003, creates designated geographic zones to foster innovation and create entrepreneurial opportunities by aligning the combined resources of educational institutions and the private sector. For-profit business entities 1) located within the geographic boundaries of a particular KIZ, 2) in operation less than 8 years and 3) operating within one of the targeted industry segments (or sectors) identified by the KIZ partnership are qualified KIZ Companies and eligible to participate in the KIZ Tax Credit Program. KIZ Tax Credits can be used to offset certain state tax liabilities. With a total pool of up to \$25 million in tax credits available to KIZ Companies annually, the KIZ Tax Credit Program significantly contributes to the ability of young KIZ companies to transition through the stages of growth. This innovative program also provides for a tradability component crucial to young companies that do not yet have a tax liability.

B. Award Calculation:

A KIZ Company may claim a tax credit equal to 50% of the increase in that KIZ Company's gross revenues in the immediately preceding taxable year that is attributable to its targeted industry activities in the KIZ, over the KIZ Company's gross revenues in the second preceding taxable year attributable to its targeted industry activities in the KIZ. A tax credit for a KIZ Company shall not exceed \$100,000 annually. For the purposes of the KIZ Tax Credit Program, the term "gross revenues" are revenues derived from the sale of goods and services from activities in a targeted industry, and from operations transacted within the KIZ. Gross revenues may include grants received by the KIZ Company from any source whatsoever (i.e., KIZ, SBIR/STTR, NIH, DOD, etc.). All other forms of income shall not be included in gross revenues.

For example, ABC Co. operates entirely in a KIZ and its entire operations are within a targeted industry segment for that KIZ. In year 1, ABC Co.'s gross revenue resulting from activities within the KIZ amounts to \$40,000. In year 2, ABC Co.'s business grows, and their gross revenues from activities within the KIZ amount to \$60,000. In year 3, ABC Co. may apply for a KIZ tax credit of \$10,000 (50% of the \$20,000 increase in gross revenue from year 1 to year 2).

If in year 3, ABC Co.'s gross revenues grow to \$500,000 from activities within the KIZ, the company would be eligible to apply for a maximum KIZ tax credit of \$100,000 in year 4. Their increase from year 2 (\$60,000) to year 3 (\$500,000) is \$440,000; however, 50% of the increase in gross revenues (\$220,000) exceeds the \$100,000 maximum allowable tax credit.

The Department of Community and Economic Development (DCED) will adhere to the Commonwealth's Keystone Principals for Growth, Investment and Resource Conservation when awarding KIZ Tax Credits. The total of all KIZ Tax Credits awarded in any given year shall not exceed \$25 million. If the total amount of tax credits approved for any single year is less than \$25 million, the unused portion does not carry over to future years. If the total amount of tax credits approved for any one year exceeds \$25 million, the tax credit for each approved applicant shall be determined as follows:

Divide each application approved for tax credits for the year by the total of all approved tax credits that year and multiply the quotient by \$25 million to determine the amount of tax credits allocated to each company.

C. Applying for an Award:

A for-profit business entity that qualifies as a KIZ Company may file an application with the DCED by September 15 of each year. The application must contain the forms provided in this document (Appendix A and B), as well as final, signed copies of the two prior years' Pennsylvania tax returns (including the first page of the applicant's Federal return) submitted by the applicant to the

Pennsylvania Department of Revenue. Applicants must verify that they have been or are actively working with the KIZ Coordinator and/or the KIZ partners of the applied-for KIZ.

DCED will determine if all of the required conditions have been met and, if so, a tax credit certificate based on the award calculations outlined in Subsection B above will be awarded no later than December 15 of each year. Appendix D of these guidelines provides a flow chart detailing the tax credit award process.

D. Sale or Use of Tax Credits:

A tax credit approved in accordance with these guidelines must first be applied against the KIZ Company's own tax liability under Articles III (Personal Income Tax), IV (Corporate Net Income Tax), or VI (Capital Stock and Franchise Tax) of the Pennsylvania Tax Reform Code of 1971, for the taxable year during which the tax credit is approved.

A KIZ Company may not carry back or obtain a refund of an unused KIZ Tax Credit or any part of that credit. If the KIZ Company's tax liability is less than the amount of the KIZ Tax Credit, the company may:

1. Carry forward the unused portion of the tax credit for a period not to exceed four additional taxable years (five years total) and use the tax credit to offset an eligible tax liability at some point during those years; or
2. Apply to DCED for approval for the sale, including the transfer or assignment of all or a portion of the approved, unused tax credit to an identified buyer. The KIZ Tax Credit Award Certificate must accompany the KIZ Tax Credit Sale Application.

The application form to apply to DCED for approval to sell the KIZ Tax Credit is included as Appendix C in these guidelines. The buyer must be identified in the application for the sale of the KIZ Tax Credits submitted by the KIZ Company. Use separate applications if tax credits issued on different dates are to be sold or credits from a single award are to be sold to multiple buyers. Sale applications may only be submitted after receipt of the KIZ Tax Credit Award Certification.

If a KIZ Company has a tax liability for the tax year in which the KIZ Tax Credit is approved, that approved KIZ Tax Credit must be used against that tax liability. However, in any subsequent year during the lifetime of the unused KIZ Tax Credit, the KIZ Company is not required to use the tax credit from a previous year for the current year's tax liabilities and may sell the tax credit. When the KIZ Company submits an application to sell the KIZ Tax Credit, the company may no longer use that tax credit to offset an eligible tax liability unless the application for the sale is denied by DCED or the application is withdrawn via a written request on company letterhead to DCED by the KIZ Company. A flow chart detailing the KIZ Tax Credit Sale process is located in Appendix E of these guidelines.

E. Tax Credits Awarded to Pennsylvania S Corporations:

If the KIZ Company is a Pennsylvania S Corporation, and does not have an eligible tax liability against which the KIZ Tax Credit may be applied, the S Corporation may reassign its KIZ Tax Credits in one of the following ways:

1. The S Corporation may sell its KIZ Tax Credits, or
2. The S Corporation may pass through the KIZ Tax Credits to its shareholder(s). A shareholder of the S Corporation is entitled to a tax credit equal to the product of:

A. The unused amount of the KIZ Tax Credit, and

B. The percentage of the Pennsylvania S Corporation's distributive income to which the shareholder is entitled.

Since S Corporation shareholders are entitled to a pass-through of unused tax credits, all of its shareholders must agree to a sale of the tax credits. Shareholders must complete Section II of Appendix C and consent to forgo his/her respective share of the pass-through credit. If any shareholder does not consent, that shareholder's portion of the KIZ Tax Credit will not be available for sale.

To pass-through an S Corporation's KIZ Tax Credit, Section II of Appendix C must be completed and submitted to DCED. A pass-through will not occur automatically if an S Corporation does not have an eligible tax liability to which the tax credits may be applied.

Passed-through tax credits for the S Corporation shareholder are in addition to any tax credit to which the shareholder is otherwise entitled. The corporation may not apply to sell or reassign any KIZ Tax Credit being used by a shareholder to offset the shareholder's tax liability.

F. Sale/Pass-Through Approval Process

DCED and the Pennsylvania Department of Revenue strive to complete the approval process in 60 days or less. However, delinquent tax filings, outstanding tax liabilities, and other compliance issues - such as but not limited to submitting an incomplete application, requesting to sell more tax credits than are in fact available for sale, or providing inaccurate account identification numbers - will delay the approval process.

A completed tax return must be filed with the Pennsylvania Department of Revenue for the period in which the credit was awarded before the credit is either passed-through (to Pennsylvania S Corporation shareholders only), carried forward, sold or assigned. A copy of this final, signed tax return must be included with the sales application. In addition, the sale or assignment of the restricted tax credit will not be approved if the seller has any unpaid state taxes. Therefore, for clearance to sell tax credits, a seller must have filed all state tax returns due as of the date the seller's records are reviewed by the Pennsylvania Department of Revenue. If the seller has non-filed returns or unpaid liabilities, the sale will be denied.

G. Sale/Pass-Through Application Amendments:

To amend information (e.g. amount of credits to be sold, sales price, facilitator commission, account identification number, etc.) contained on the original application submitted to DCED, a written request on company letterhead outlining the required amendments and signed (photocopies or electronic signatures not accepted) by the corporate officer, general partner or limited liability company member who signed the original sales application must be submitted to DCED. (Note: if the signer of the original application is no longer affiliated with the company, then the signature of another corporate officer, general partner or limited liability company member that has authority to bind the applicant is acceptable.) Amendments must be mailed to the address listed in Section I below. Amending an application will delay the approval process.

H. Buyer or Assignee:

The buyer or assignee must claim the full amount of the purchased KIZ Tax Credit against certain enumerated tax liabilities in the taxable year in which DCED approves the application for the sale. The approval date of the sale is the later of the date of application, the filing date of the seller's tax return with Department of Revenue for the year the credit was awarded or the date the seller becomes compliant. The buyer or assignee of a KIZ Tax Credit may use that tax credit against any tax liability under Articles III (Personal Income Tax), IV (Corporate Net Income Tax), VI (Capital Stock and Franchise Tax), VII (Bank Shares Tax and Trust Companies Share Tax), VIII (Title Insurance Tax), IX (Insurance Premiums Tax), or XV (Mutual Thrift Tax) of the Pennsylvania Tax Reform Code of 1971.

Any portion of the tax credit not used by the buyer or assignee in the year of the purchase may not be used in any other tax year. The amount of the purchased tax credit **may not be used to offset more than 75%** of the buyer's or assignee's tax liability in that year. The buyer or assignee may not carry-over, carry back, obtain a refund of, or assign the KIZ Tax Credit. KIZ Tax Credits may be sold or assigned one time after the original KIZ Company applies the KIZ Tax Credit to any of their eligible tax liabilities in the year of the tax credit award. Transfer of KIZ Tax Credits will be closely coordinated between DCED and the Pennsylvania Department of Revenue.

I. Submitting an Application:

Prospective applicants must submit their application in hard copy via postal mail on the forms included in these guidelines. Completed applications, including the original signature of a corporate officer, general partner or limited liability company member that has authority to bind the applicant KIZ Company (no photocopies or electronic signatures will be accepted) and all required attachments, are to be submitted to:

Technology Investment Office
PA Dept. of Community & Economic Development
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120
ATTN: KIZ Tax Credit or KIZ Tax Credit Sale Program (as appropriate)

For specific questions on this program, contact DCED's Technology Investment Office at RA-TechInvTaxCredit@state.pa.us.

Section II – Appendices

APPENDIX A: Award Application

Note: This application must be submitted by September 15.

Application No. _____
(To be filled in by DCED)

I. KIZ Company Identification:

Company Name: _____

Address: _____

Other Contact Information:

Telephone: () _____

FAX: () _____

E-Mail: _____

(Please use the name and address on record with the Pennsylvania Department of Revenue unless that information has been changed and is no longer valid. Please also be aware that approval or rejection notification will be sent via the US Postal Service to the address listed above. Notification of issues related to the application while in process will be emailed to the address above.)

Taxpayer Identification (SSN or Box Number) _____

Federal Employment Identification Number (FEIN): _____

NAIC Code: _____

Keystone Innovation Zone in which the Company is located: _____

Have you actively worked with the KIZ Coordinator and/or KIZ Partners of the Keystone Innovation Zone in which the Company is located? Yes: _____ No: _____

How many days was the company physically located in the Keystone Innovation Zone in the comparable tax year*? _____

How many days was the company physically located in the Keystone Innovation Zone in the base tax year**? _____

* Comparable Tax Year – The tax year prior to the current year.

** Base Tax Year –The tax year prior to the Comparable Tax Year.

DCED may request a copy of your lease, mortgage, or deed as documentation of the company's operations being physically located within the Keystone Innovation Zone. Can you provide this documentation if requested? Yes: _____ No: _____

II. Attach a certification from the KIZ Coordinator (Appendix B) stating that the KIZ Company is located within the geographic boundaries of the KIZ, that the applicant company operates within a targeted industry segment of the KIZ, identifying the targeted industry segment, and stating that the company has been in operation less than 8 years.

III. The KIZ Company's gross revenues attributable to target industry activities within the KIZ shall be calculated by using the following formula.

For the comparable and base year tax periods used in arriving at the KIZ Tax Credit for a Keystone Innovation Zone Company (applicant), the gross revenue of the applicant shall be apportioned to the KIZ by multiplying the applicant's Pennsylvania gross revenues by a fraction, the numerator of which is the property factor plus the payroll factor and the denominator of which is two, in accordance with the following:

- (1) The property factor is a fraction, the numerator of which is the average value of the applicant's real and tangible personal property owned or rented and used in the KIZ during the tax period and the denominator of which is the average value of all the applicant's real and tangible personal property owned or rented and used in this Commonwealth during the tax period.
 - (i) To determine the property factor refer to 61 Pa. Code Sec.153.28.
- (2) The payroll factor is a fraction, the numerator of which is the total amount paid in the KIZ during the tax period by the applicant for compensation and the denominator of which is the total compensation paid in this Commonwealth during the tax period.
 - (i) Compensation is paid in the KIZ if:
 - a. the person's service is performed entirely within the KIZ; or
 - b. the person's service is performed both within and without the KIZ, but the service performed without the KIZ is incidental to the person's service within the KIZ.

To determine attributable gross revenues for the KIZ Tax Credit complete Parts (A), (B), and (C) below. **All applicants must complete all three sections.**

Part (A) -

Comparable Tax Year – The tax year prior to the current year.
Base Tax Year – The tax year prior to the Comparable Tax Year.

Example: If the Current Year is = 2008
Then the Comparable Tax Year is = 2007
And the Base Tax Year is = 2006

Identify the Comparable Tax Year: _____ (Line 1)

Identify the Base Tax Year: _____ (Line 2)

Comparable Tax Year

Gross Revenues of the company attributable to target industry activities in the KIZ for the year in Line 1: \$ _____ (Line 3)
From Part (B) Line 6

Base Tax Year

Gross Revenues of the company attributable to target industry activities in the KIZ for the year in Line 2: \$ _____ (Line 4)
From Part (C) Line 6

Increase in Gross Revenues: (Line 3 – Line 4) \$ _____ (Line 5)

50% of amount on Line 5: \$ _____ (Line 6)

Amount of KIZ Tax Credit for which the Company is applying: \$ _____ (Line 7)

(Note: Line 6 or \$100,000, whichever is less, is the maximum KIZ Tax Credit for which the company may apply on Line 7)

(Note: If the total for all qualified applications received by DCED exceeds the annual allocation, the amount awarded will be reduced from the amount listed on this application.)

I, the undersigned, do hereby declare and certify that the Appendix A Section III gross revenue schedules are to the best of my knowledge true and correct and that I am an independent CPA external to the applicant company and not otherwise affiliated with the award or sale process of tax credits in any way.

Signature of Independent CPA: _____
Printed name: _____
Firm Name: _____
Phone Number: _____

Part (B) - Gross Revenues of the company for the Comparable Tax Year attributable to targeted industry activities within the KIZ.

Comparable Tax Year _____

Property Factor:

Property within KIZ \$ _____ ÷ Property within PA \$ _____ = \$ _____
Line 1

Payroll Factor:

Payroll within KIZ \$ _____ ÷ Payroll within PA \$ _____ = \$ _____
Line 2

Total (Line 1 + Line 2) \$ _____
Line 3

KIZ Apportionment:

_____ ÷ 2 = _____
(From Line 3) Line 4

Pennsylvania Gross Revenues in target industry in Comparable Year _____
Line 5

Comparable Year's Gross revenues attributable to the KIZ (Line 4 x Line 5) _____
Line 6

Part (C) - Gross Revenues of the company for the Base Tax Year attributable to targeted industry activities within the KIZ.

Base Tax Year _____

Property Factor:

Property within KIZ \$ _____ ÷ Property within PA \$ _____ = \$ _____

Line 1

Payroll Factor:

Payroll within KIZ \$ _____ ÷ Payroll within PA \$ _____ = \$ _____

Line 2

Total (Line 1 + Line 2) \$ _____

Line 3

KIZ Apportionment:

_____ ÷ 2 = _____
(From Line 3) Line 4

Pennsylvania Gross Revenues in target industry in Base Year _____
Line 5

Base Year's Gross revenues attributable to the KIZ (Line 4 x Line 5) _____
Line 6

IV. Please attach final, signed copies of the two prior year's Pennsylvania tax returns (including the first page of the Federal return) submitted by the applicant to the Pennsylvania Department of Revenue.

I, the undersigned, do hereby declare and certify that this KIZ Tax Credit application and all the documents accompanying the application are to the best of my knowledge true and correct and that I am a corporate officer, general partner or limited liability company member of the above named KIZ Company and that I have authority to bind the above named applicant.

Signature of Company Official: _____

Printed name: _____

Printed Company Title or Affiliation to the KIZ Company: _____

V. If you would like to allow DCED's Technology Investment Office to release information concerning the progress of the award of your tax credit to an agent(s) or facilitator(s) please sign and date the "Consent to Release Information" below. Executing the "Consent to Release Information" will serve as your consent to release the tax credit award information to the party identified in this section.

Were the services of any agent(s) or facilitator(s) used to arrange this prospective KIZ Tax Credit award? ___ Yes ___ No

If the services of any agent(s) or facilitator(s) were used, please identify the name of the agent(s) or facilitator(s): _____

Disclaimer

Third party agents/facilitators are entirely independent of the Department of Community and Economic Development and the Commonwealth of Pennsylvania. Neither the Department of Community and Economic Development nor the Commonwealth of Pennsylvania are affiliated with or endorse or recommend any third party agents/facilitators or the products or services of any third party agents/facilitators. Nor, do the Department of Community and Economic Development and the Commonwealth of Pennsylvania warrant or assume any legal liability or responsibility for the accuracy, completeness or usefulness of any information or service provided by any third party agents/facilitators. Engagement of any third party agents/facilitators is solely between the applicant and the third party agents/facilitators.

Applicant Consent to Release Information

I, _____, on behalf of _____ (the "Applicant") do hereby
(name) (company)

consent to and authorize the Pennsylvania Department of Community and Economic Development Technology Investment Office to disclose to the agent(s) or facilitator(s) listed above in part V any and all information, including tax information, concerning the award of Applicant's Keystone Innovation Zone Tax Credit for the sole purpose of facilitating the completion of the award of the tax credits.

In providing such information, neither the Department of Community and Economic Development nor the Commonwealth of Pennsylvania shall be deemed liable for any act of commission or omission, excluding willful misconduct or gross negligence, nor for any error of judgment or mistake of fact or law.

I fully understand the nature of this consent and authorization, and understand that signing it is not a condition of my eligibility for award of the tax credits and that my authorization shall remain effective from the date of my signature until the completion of the award of the KIZ Tax Credits at which time it will automatically expire. I understand that I may revoke this consent and authorization at any time by written, dated communication except to the extent the person making the disclosure has acted in reliance on it.

I, the undersigned, do hereby declare and certify that I am a corporate officer, general partner or limited liability company member of the above named applicant and that I have authority to bind the above named applicant.

The undersigned has executed this Consent and Authorization to Release Information this _____ day of _____, 20__.

Applicant: _____

Signature: _____

Printed Name: _____

Title: _____

APPENDIX B: KIZ Coordinator’s Certification

As designated coordinator for the _____
(Identify the KIZ) Keystone Innovation Zone,

I certify that _____
(Identify the KIZ Company Applicant) operates within the

geographic boundary of the KIZ. This KIZ Company operates within our designated target industry
segment (sector) of _____,
(Identify the designated target industry, including NAICS code) and this KIZ

Company has been in operation for less than eight (8) years. The KIZ Company has or is presently
working with the following KIZ partners: _____.

The _____ KIZ was designated by the Ben Franklin Technology Development
(Identify the KIZ)

Authority (BFTDA) on _____
(mm/dd/yy) _____ located in the
(Identify the KIZ Company Applicant)

_____ KIZ on _____ has
(Identify the KIZ) (mm/dd/yy) _____
(Identify the KIZ Company Applicant)

provided me with documentation demonstrating that it was incorporated on _____
(mm/dd/yy)

and has registered with the Pennsylvania Department of State to conduct business in the
Commonwealth.

(Signature of KIZ Coordinator)

(Printed Name of KIZ Coordinator)

(Identify the KIZ)

Date: _____

APPENDIX C: Sales Application

Date Received by DCED: _____ Application No.: _____ (To be filled in by DCED)

I. Prospective KIZ Tax Credit **Seller** Identification:

Name: _____

Address: _____

Other Contact Information:

Telephone: () _____

FAX: () _____

E-Mail: _____

(Please use the name and address on record with the Pennsylvania Department of Revenue unless that information has been changed and is no longer valid. Please also be aware that approval or rejection notification will be sent via the US Postal Service to the address listed above. Notification of issues related to the application while in process will be emailed to the address above.)

Taxpayer Identification (SSN, FEIN, or Box Number) of Seller: _____

(Attach a copy of the seller's completed Pennsylvania tax return (including the first page of the seller's Federal return) for the period that the credit was awarded and which was filed with the Pennsylvania Department of Revenue)

Date of Issue or Approval of KIZ Tax Credits to be sold: _____

(Attach a copy of the KIZ Tax Credit certificate to this application)

Total Amount of Original Award: \$ _____

(Please use separate applications if tax credits issued on different dates are to be sold or credits from a single award are to be sold to multiple buyers.)

Has any portion of the approved KIZ Tax Credit been used against a tax liability of the applicant?

___ Yes ___ No If yes, how much? \$ _____

Has any portion of the approved KIZ Tax Credit previously been sold? ___ Yes ___ No If yes, how much? \$ _____

Amount of unused approved KIZ Tax Credit from the listed Issue or Approval date:

\$ _____. Is this the amount to be sold or passed-through under this application?

Yes ___ No ___ If no, how much is to be sold or passed-through? \$ _____

Signature and Business Title of Prospective Seller: (Whenever possible, this should be the same person that was named on the award certificate)

I, the undersigned, do hereby declare and certify that I am a corporate officer, general partner or limited liability company member of the above named Prospective KIZ Tax Credit Seller and that I have authority to bind the above named Prospective KIZ Tax Credit Seller.

Signature: _____

Printed Name: _____

Printed Title or Affiliation to the Business: _____

II. S Corporations Only--Complete this section if shareholders are consenting to **sell** or **pass-through** a KIZ tax credit: (Note: **ALL shareholders** must provide appropriate authorization for a sale or pass-through of tax credits even if their portion is not being sold or passed-through. Attach a separate sheet if there are not enough spaces for all shareholder signatures below. A current copy of the S Corporation's Pennsylvania S Corporation Election and Shareholders' Consent – Form REV-1640 must be attached to the Sales Application.)

Name and Address of each shareholder having an interest in the Corporation's stock without regard to the manner in which the stock is owned.	Social Security or Federal Employer Identification number. (Only if passing-through tax credit)	Percentage of the S Corporation's distributive income to which the shareholder is entitled	Total Amount of Tax Credit Awarded to S Corporation eligible to be passed through or assigned	Amount of tax credit to pass-through to Shareholder *	Amount to be Sold*	We the undersigned shareholders consent to the sale or pass-through of corporation tax credits.
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
Name Street City, State, Zip		%		\$	\$	Signature/Date
<p>An authorized officer of the above named Pennsylvania S corporation must sign "APPENDIX C: Sales Application Section II" pertaining to Pennsylvania S Corporations and a current copy of the S Corporation's Pennsylvania S Corporation Election and Shareholders' Consent – Form REV-1640 must be attached to the Sales Application.</p> <p>*not to exceed the total tax credit awarded to the S Corporation multiplied by the shareholder's percentage of distributive income</p>		Total=___%	Total=\$___	Total=\$___	Total=\$___	<p>I declare and certify that I am an officer of and have authority to bind the above named Pennsylvania S Corporation and that the amount in the column titled Total Amount of Tax Credit Awarded to S Corporation eligible to be passed through or assigned is true and correct and that all shareholders of the above named Pennsylvania S Corporation have executed "APPENDIX C: Sales Application Section II" pertaining to Pennsylvania S Corporations.</p> <p>By: _____ Name: _____</p> <p>Title: _____ Date: _____</p>

III. Prospective KIZ Tax Credit Buyer:

Name: _____
Address: _____

Other Contact Information:

Telephone: () _____
FAX: () _____
E-mail: _____

Taxpayer Identification (SSN, FEIN, or Box Number) of Buyer: _____

(Please use the name and address on record with the Pennsylvania Department of Revenue unless that information has been changed and is no longer valid. Please also be aware that approval or rejection notification will be sent via the US Postal Service to the address listed above. Notification of issues related to the application while in process will be emailed to the address above.)

Signature and Business Title of Prospective Buyer:

Signature: _____

Printed Name: _____

Printed Title or Affiliation to the Business: _____

IV. Information on the KIZ Tax Credit Sale:

Dollar Amount agreed upon to complete the sale: \$ _____

Were the services of any agent(s) or facilitator(s) used to arrange this prospective KIZ Tax Credit sale? Yes No

If the services of any agent(s) or facilitator(s) were used, please identify the agent(s) or facilitator(s): _____

What, if any, fee or commission was, or is, being paid to each agent(s) or facilitator(s) listed above? \$ _____.

V. If you would like to allow the Technology Investment Office to release information concerning the progress of the transfer of your tax credit to the agent(s) or facilitator(s) listed in section IV above please sign and date the "Consent to Release Information" below. Executing the "Consent to Release Information" will serve as your consent to release the tax credit transfer information to the party listed above.

Disclaimer

Third party agents/facilitators are entirely independent of the Department of Community and Economic Development and the Commonwealth of Pennsylvania. Neither the Department of Community and Economic Development nor the Commonwealth of Pennsylvania are affiliated with or endorse or recommend any third party agents/facilitators or the products or services of any third party agents/facilitators. Nor, do the Department of Community and Economic Development and the Commonwealth of Pennsylvania warrant or assume any legal liability or responsibility for the accuracy, completeness or usefulness of any information or service provided by any third party agents/facilitators. Engagement of any third party agents/facilitators is solely between the applicant and the third party agents/facilitators.

Seller/Assignor Consent to Release Information

I, _____, on behalf of _____
(name) (company)

(the "Seller" or "Assignor") do hereby consent to and authorize the Pennsylvania Department of Community and Economic Development Technology Investment Office to disclose to the agent(s) or facilitator(s) listed above in part "IV. Information on the KIZ Tax Credit Sale" any and all information, including tax information, concerning the sale or assignment of Seller's or Assignor's Keystone Innovation Zone Tax Credits for the sole purpose of facilitating the completion of the assignment or sale of the tax credits.

In providing such information, neither the Department of Community and Economic Development nor the Commonwealth of Pennsylvania shall be deemed liable for any act of commission or omission, excluding willful misconduct or gross negligence, nor for any error of judgment or mistake of fact or law.

I fully understand the nature of this consent and authorization, and understand that signing it is not a condition of my eligibility for assignment or sale of the tax credits and that my authorization shall remain effective from the date of my signature until the completion of the assignment or sale of the tax credits at which time it will automatically expire. I understand that I may revoke this consent and authorization at any time by written, dated communication except to the extent the person making the disclosure has acted in reliance on it.

I, the undersigned, do hereby declare and certify that I am a corporate officer, general partner or limited liability company member of the above named prospective KIZ Tax Credit Seller and that I have authority to bind the above named prospective KIZ Tax Credit Seller.

The undersigned has executed this Consent and Authorization to Release Information this _____ day of _____, 20__.

Seller or Assignor:

Signature: _____

Printed Name: _____

Title: _____

Buyer/Assignee Consent to Release Information

I, _____, on behalf of _____
(name) (company-if applicable)

(the "Buyer" or "Assignee") do hereby consent to and authorize the Pennsylvania Department of Community and Economic Development Technology Investment Office to disclose to the agent(s) or facilitator(s) listed above in part "IV. Information on the KIZ Tax Credit Sale" any and all information, including tax information, concerning the sale or assignment of Buyer's or Assignee's Keystone Innovation Zone Tax Credits for the sole purpose of facilitating the completion of the assignment or sale of the tax credits.

In providing such information, neither the Department of Community and Economic Development nor the Commonwealth of Pennsylvania shall be deemed liable for any act of commission or omission, excluding willful misconduct or gross negligence, nor for any error of judgment or mistake of fact or law.

I fully understand the nature of this consent and authorization, and understand that signing it is not a condition of my eligibility for assignment or sale of the tax credits and that my authorization shall remain effective from the date of my signature until the completion of the assignment or sale of the tax credits at which time it will automatically expire. I understand that I may revoke this consent and authorization at any time by written, dated communication except to the extent the person making the disclosure has acted in reliance on it.

I, the undersigned, do hereby declare and certify that I am the prospective KIZ Tax Credit Buyer or if applicable the corporate officer, general partner or limited liability company member of the above named prospective KIZ Tax Credit Buyer and that I have authority to bind the above named prospective KIZ Tax Credit Buyer. The undersigned has executed this Consent and Authorization to Release Information this _____ day of _____, 20__.

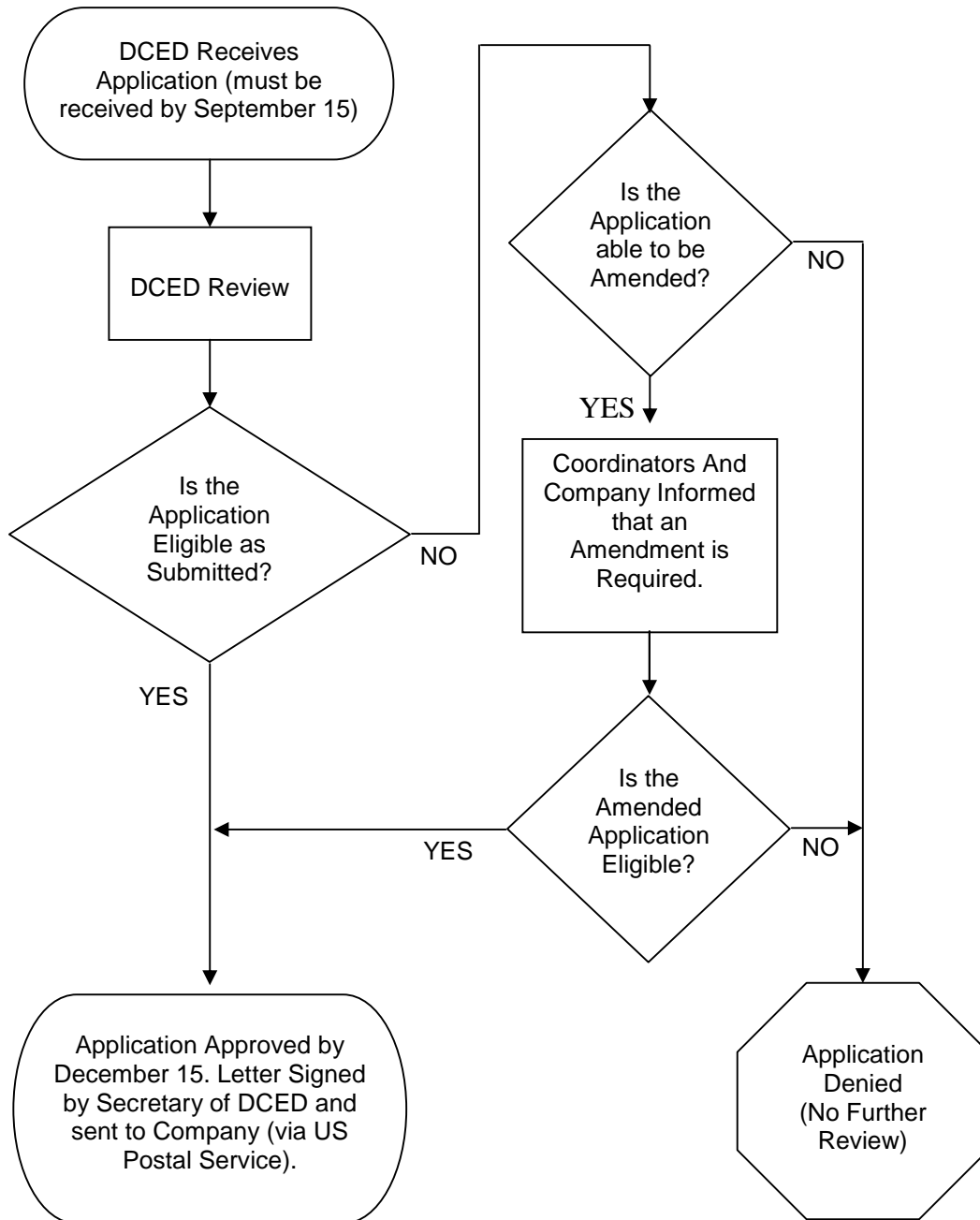
Buyer or Assignee:

Signature: _____

Printed Name: _____

Title: _____

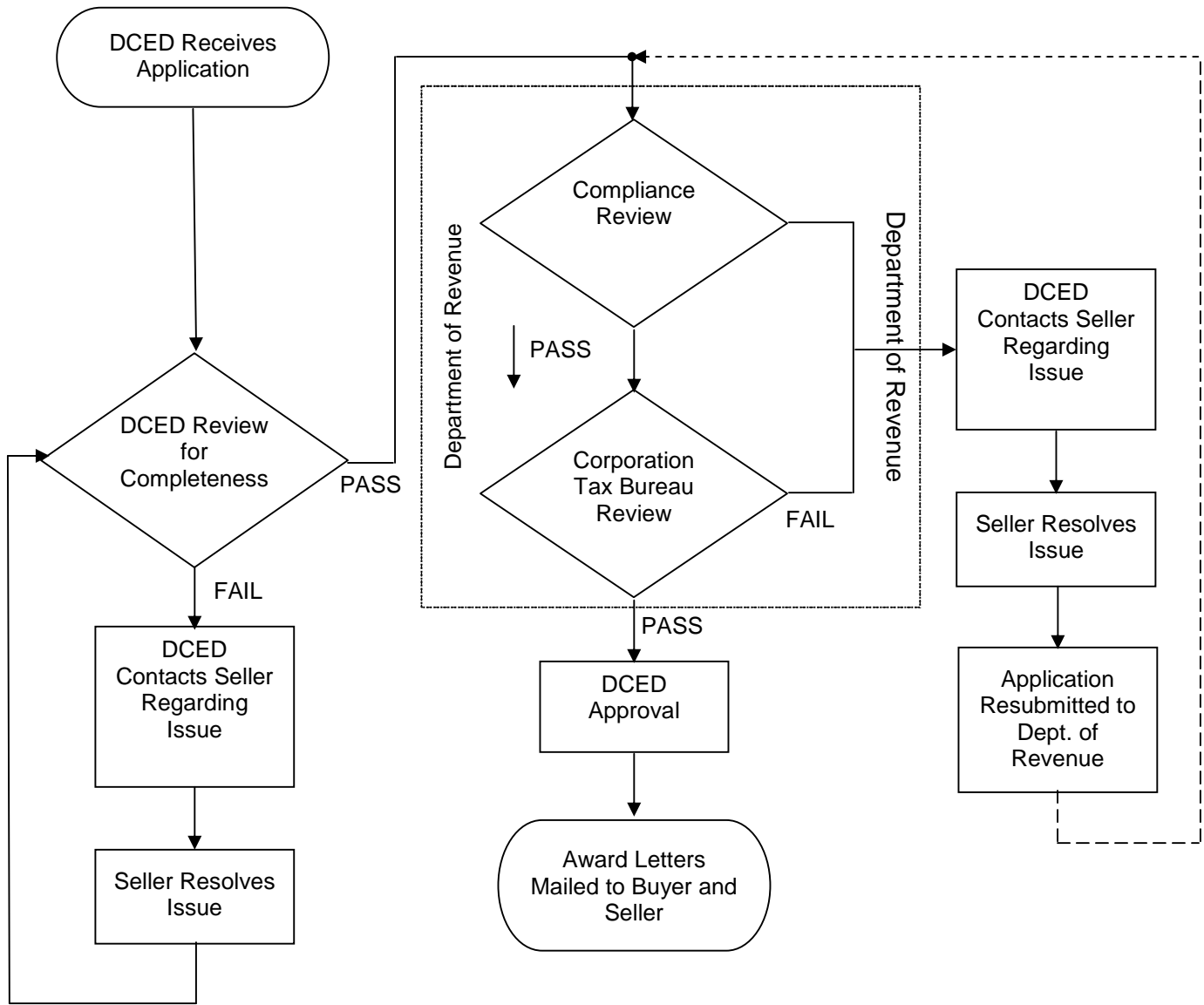
APPENDIX D. KIZ Tax Credit Award Process Flow Chart



Additional Information

- Applications are due September 15 and will be approved or denied no later than December 15.
- All KIZ Tax Credit inquiries should be emailed to RA-TechInvTaxCredit@state.pa.us.
- Approval letters will be mailed via the US Postal Service to the address provided on the award application.

APPENDIX E. KIZ Tax Credit Sale Process Flow Chart



Additional Information

- A reasonable expectation for turnaround time for an application to complete this process is **60 Days**. Problems with applications will increase the anticipated processing time.
- All KIZ Tax Credit inquiries should be emailed to RA-TechInvTaxCredit@state.pa.us.
- Approval letters will be mailed via the US Postal Service to the Buyer and Sellers **only**.

Section III – Definitions:

Agent/Facilitator – Some person, business, or organization acting to facilitate the completion of the award or sale of KIZ Tax Credits.

Assignee/Buyer – Taxpayer that is purchasing the KIZ Tax Credit from the KIZ Company originally awarded the tax credits to be sold, transferred or assigned.

Assignor/Seller – KIZ Company to which the KIZ Tax Credits were originally issued or approved, and which may be applying to sell, transfer or assign those credits.

Attributable to target industry activities in the KIZ – Business operations within a targeted industry which are physically conducted within the geographical boundaries of the KIZ.

Certificate – Letter signed by the Secretary of DCED alerting the KIZ Company of its KIZ Tax Credit application approval and award amount

Base Tax Year –The tax year prior to the Comparable Tax Year.

Comparable Tax Year – The tax year prior to the current year.

Company Operation Begin Date – Corporations incorporated in PA are considered operating on the date of their incorporation. Companies incorporated outside PA but working in PA are determined to be operating beginning the date of the fiscal period in which the Certificate of Authority was issued by the Department of State or the date PA activity began, whichever date is earlier. All corporations are required to file annual tax returns with Pennsylvania's Department of Revenue even though no business activity was conducted during the taxable year.

DCED – The Pennsylvania Department of Community and Economic Development.

Gross Revenues – For the purposes of the KIZ Tax Credit Program, gross revenues are defined as revenue derived from the sale of goods and services from activities in a targeted industry and from operations transacted within the KIZ. Gross revenues may also include grants received by the KIZ Company from any source whatsoever (i.e., KIZ, SBIR/STTR, NIH, DOD, etc.). All other forms of income shall not be included in gross revenues..

Industry Sector/Targeted Industry – An industry specifically identified for entrepreneurial development (e.g. information technology, life sciences, advanced materials, finance/service sectors, advanced manufacturing, agricultural, nanotechnology, etc.) in the KIZ's application for designation to the Ben Franklin Technology Development Authority.

KIZ Company – A for-profit business entity which is all of the following: 1) located within the defined geography of a particular KIZ, 2) has been in operation for less than 8 years and 3) falls within one of the targeted industry segments (or sectors) identified by the KIZ partnership.