

Expansion of KOZ plan draws praise

More types of businesses will get tax breaks by moving into specially designated zones, increasing employment.

By MARQUES C. HARPER

mharper@leadenvet

A bill signed into law by Gov. Tom Ridge this week will expand the Keystone Opportunity Zone Act and could strengthen the region's chances for serious downtown renewal projects and economic growth in the next decade, state officials say.

Sponsored by Republican state Reps. Joseph Gladeck and David G. Argall, the bill allows banks, insurance companies and other financial institutions to be qualified businesses under the KOZ initiative. That makes them eligible for tax breaks that were offered to businesses in the initial program.

The original KOZ program was started in 1999. Since then, more than 4,900 jobs have been created in the state, according to state officials.

Getting a KOZ means that municipalities, school districts and economic development agencies could attract businesses to an area by designating land free of most state and local taxes for 12 years.

In Luzerne and Lackawanna counties, the KOZ initiative has produced \$100 million in investment capital and more than 1,400 jobs, said Lee Namey, coordinator of the Luzerne/Lackawanna program.

Jeri E. Stumpf, executive director of the House Urban Affairs Committee, said Thursday that the new Keystone Opportunity Zone and Keystone Opportunity Expansion Zone Act clarifies several issues, including what a qualified business is.

Some officials say the program is critical for urban renewal. However, not every county and municipality applied to participate in a KOZ the first time around.

In an attempt to spark economic growth and aid further downtown redevelopment throughout the state, lawmakers decided to stretch the KOZ program and make it available to counties and municipalities that didn't previously apply.

Under the recently signed law, businesses such as railroads, truck, bus and airline companies and natural gas and water companies would be eligible for job-tax credits.

Here are highlights about the new KOZ program:

- The Keystone Opportunity Expansion Zone may contain up to eight expansion subzones. Expansion zones must consist of deteriorated property.

- An expansion subzone is a defined geographic area containing a minimum of 15 contiguous acres or a minimum of five contiguous acres in a rural area. However, expanded zones cannot exceed 1,500 acres.

- The act gives qualified subdivisions the option to require property owners to invest 50 percent of all real property tax savings in improvements.