

Military Installation Remediation Program 2021 Reporting and Information Packet

For Calendar Year Reporting January 1 - December 31, 2021

Due on or before September 1, 2022



What is the Military Installation Remediation Program (MIRP)?

The Military Installation Remediation Program ("MIRP") is a program designed for the purpose of improvement and development within designated parcels in a municipality with a former military installation. The program was established in 2019 with the signing of Act 101 of 2019 (HB 1410). The legislation amended the Transit Revitalization Investment District Act.

Act 101 allows state taxes generated on specific parcels to be directed to MIRIA to assist in reimbursement of the cost of remediating PFC contamination associated with military installations. As those remediation costs are reduced, the statute provides a mechanism to secure funding for economic development and infrastructure in and around the former NAS-JRB Willow Grove property.

All qualified taxpayers within designated parcels must complete an annual state tax report by September 1 each year so the Department of Revenue may certify state taxes to be transferred to the MIRP Fund for utilization by the Military Installation Remediation Authority ("MIRIA").

The MIRIA board meets monthly and regularly at 9:00 am on the first Friday of each month at the Horsham Township Municipal Building at 1025 Horsham Road, Horsham, PA 19044.

The MIRP Zone

Act 101 of 2019 by statute, provides certain parcels in Horsham Township may be part of the zone ("MIRP Zone") where PA State Tax Revenue generated on those parcels may be made available to MIRIA.

The MIRP Zone consists of:

- 13 parcels, or about 870 acres, that were part of the former NAS-JRB Willow Grove base property
- 31 parcels encompassing about 836 acres where development rights were restricted as a result of their proximity to NAS-JRB Willow Grove.
- 14 parcels, or about 80 acres, in Horsham Township that were designated by the MIRIA.

Designated parcels may be underutilized or under-valued parcels that may be in close proximity to the NAS-JRB Willow Grove base property or in other areas of Horsham Township where revitalization may be warranted.

In total, the zone is 58 parcels with about 1,787 acres in Horsham Township. This can be amended by the act in the future to remove and/or add parcels.

Why was the MIRP created?

Local communities in close proximity to the former NAS-JRB Willow Grove and the former Johnsville Naval Air Warfare Center have been negatively impacted by PFAS contamination in local water supplies as a result of the use of aqueous film forming foam (“AFFF”) in fire fighting activities and exercises. These communities, their municipal water suppliers and their residents have been required to spend many millions of dollars on remediation efforts and systems, to protect the health and welfare of their communities. In some instances, the Navy the Air National Guard have assisted financially in these efforts but by no means have these communities made whole on remediation costs.

Act 101 of 2019 provided a funding mechanism to reimburse municipal water providers and their rate payers for unreimbursed water remediation costs, for higher rates and surcharges that may have been passed on to the rate payers due to the cost of remediation efforts, and provides a source of funding to connect residents whose private wells were impacted with PFC contamination as a result of their proximity to the bases. As noted above, funding in excess of water remediation cost, may be available for economic development and infrastructure funding.

MIRP Benefits to Horsham:

- A dedicated funding source for economic development and infrastructure projects in and around Horsham Township.
- A strengthened, healthier, and more vibrant community

MIRP Benefits to You:

- A funding mechanism for reimbursement of water remediation costs.
- Funding for connection of private well owners impacted by PFAS to public water supplies.

MIRP Reporting - what do I have to do?

MIRP Zone parcel owners, business owners and contractors doing business on MIRP Zone parcels **will not incur any additional taxes as a result of the MIRP.** However, under Act 101 of 2019, you are required to file an on-line report for the PA Department of Revenue confirming the Pennsylvania taxes you or your business have already paid. Please begin completing your MIRP Zone parcel reporting well in advance of the deadline.

WHAT

By September 1, 2022, parcel owners, business owners and contractors doing business on MIRP Zone parcels, are required to report the cash basis taxes paid to the State for fiscal year 2021.

Reporting is on a **CASH BASIS**...meaning, you report what your business has **actually paid** from January 1, 2021 through December 31, 2021, regardless of what tax year it's for. You must complete and file all forms for 2021 to be received by the Pennsylvania Department of Revenue (DOR) on or **before September 1, 2022. Please begin reporting efforts well before the deadline noted above and maintain evidence of timely filing.**

Below is the MIRP tax report that needs to be filed. Please see the next page for a complete table of applicable state taxes.

Pennsylvania State (Department of Revenue) Form:

MIRP Tax Report - MUST BE FILED ELECTRONICALLY

Electronic filing and instructions will be available at: <https://www.etides.state.pa.us/>

When you are ready to file the MIRP report online, you must sign in using your e-TIDES account number. If you don't have one, please obtain one by following "New Users" registration. **Once you have filed and before signing off, print the state filing for your records (includes a four-digit confirmation number), as you will not be able to sign back on and print a copy.**

What if I have questions and need help?

We are waiting to help you. Here's how you can reach us:

- Make an appointment to come visit our team. We can help you file the forms for FREE.
- Contact Deana Zosky, the MIRP compliance contact by email at deana@four-score.com for questions about reporting. FourScore is a consultant engaged by MIRIA to assist business with their reporting requirements.
- Contact our tax hotline at 484-951-1289 where a tax specialist can answer your questions. Please leave a message if you don't reach us directly and a specialist will respond within 24 hours with help.

MIRP Attributable Tax Summary

Applicable state taxes are noted below.

From this list of taxes, determine which of these taxes your business paid on a cash basis in 2021 and report those payments on the forms.

STATE

Pennsylvania State (Department of Revenue) Taxes:

See Example

1	Supplemental Apportionment Worksheet (if applicable)	APP
2	Corporate Net Income Tax *	CNI
3	Bank Shares Tax *	BNK
4	Sales & Use Tax / Hotel Occupancy Tax	SU & HO
5	Employer Withholding Tax - includes MIRP Projects	EWB & EWB-MIRP Project
6	Realty Transfer Tax	RLTY
7	Personal Income Tax (PIT) - Passthrough	PIT
8	PA Sales or Use Tax paid on the purchase of tangible personal property or services	TPP
9	Sales & Use Tax paid by contractor for materials for projects in the zone	C-SU

* Subject to Apportionment. All other taxes use the Allocation method.

How does the MIRP reporting process work?

REPORTING

START

My business is located in the MIRP or I am a contractor working on a MIRP project.

YES

Business included on master business listing (provided to taxing bodies by June 1, 2022) & required to file state MIRP tax report by Sept 1, 2022 for 2021 calendar year (for cash basis tax payments made during 12 months of calendar year). See list of taxes on page 4.

Qualified business or contractor sends MIRP Tax Report.

To be received by September 1, 2022

CERTIFICATION

Includes all state MIRP attributable taxes.

Certification by December 1, 2022

State (PA Department of Revenue)

Certifies amounts paid less refunds received to the Office of the Budget and then sends money to State Treasurer.

Certifies amounts of local revenue for use for the local effort.

Includes all local MIRP effort.

Certification by June 1, 2022

Local (Horsham Township)

STATE TREASURER

MIRP Revenues sent from General Fund to MIRP Fund.

Within 10 days of receiving instructions from Office of Budget

OFFICE OF BUDGET

Directs State Treasurer to transfer amount certified from General Fund (limited to 500% of local effort) to MIRP Fund (MIRP Revenues).

Within 5 days of receiving certification

HORSHAM MIRIA AUTHORITY

Distributes money to proper accounts based on approved process and guidelines.

This process is repeated each year. The process allows tax money paid to state and local effort funds to be sent to MIRIA Authority for remediation and economic development.

By April 15, 2023

Excess Money (Remaining monies returned to state taxing body.)

TBD by MIRIA Authority

MIRP Revenues

Authority flexibility

**Supplemental Apportionment Worksheet for Corporations
2021
Example Company, Inc.**

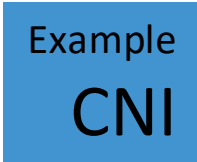
Example
APP

A. Property Factor	*Average Property In MIRP	3,000,000	=	0.300000
	*Average PA Property	10,000,000		
B. Payroll Factor	Payroll In MIRP	760,000	=	0.628099
	PA Payroll	1,210,000		
C. Sales Factor	Sales In MIRP	2,000,000	=	0.333333
	PA Sales	6,000,000		
D. Total Apportionment				1.261432
E. Tax Percentage		1.261432 / 3	=	0.420477
F. MIRP TAX LIABILITY	Line A - All Pennsylvania Locations X 0.420477 = MIRP Portion			

NOTE: If the company is located in the MIRP but has another location, or has property, payroll or sales outside the MIRP, then the above Supplemental Apportionment Worksheet must be completed to calculate the amount reporting in Column B (MIRP Location Portion).

* Average Property is the value at the beginning of the year plus the value at the end of the year divided by 2

PA Corporate Net Income Tax Schedule 2021



Example Company, Inc. Corporate Net Income Taxes Paid from 1/1/2021 to 12/31/2021

Example Company, Inc. has several locations within Pennsylvania; two are in the MIRP. In March 2021 they paid \$5,000 of Corporate Net Income Tax with their 2020 tax return. They also paid quarterly Corporate Income Tax estimated payments in the amount of \$60,000 throughout the year.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

NOTE: If the company is located in the MIRP but has another location, or has property, payroll or sales outside the MIRP, then the Supplemental Apportionment Worksheet (APP) must be completed to calculate the amount reporting in Column B (MIRP Location).

Paid with tax return	\$	5,000.00
Quarterly estimated payments	\$	60,000.00
Total Corporate Income Tax Paid	\$	65,000.00
Times Tax Percentage (example APP)		0.420477
MIRP Portion	\$	27,331.01

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 65,000.00 Total tax remitted in the form of a payment, received by the department for consolidated corporate net income tax.

MIRP Location (Column B)

\$ 27,331.01 Total Corporate Net Income Tax attributable to the location within the MIRP.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0 Refunds granted for Corporate Net Income Tax.

MIRP Location (Column B)

\$ 0 Refunds granted, attributable to the location within the MIRP for corporate net income taxes.

Tax Payment Apportionment Factor

Please provide the percentage of corporate net income tax attributable to the location within the MIRP.

42.05 %.

**Bank Shares Tax
2021**
Example Company, Inc.
Bank Shares Tax Paid from 1/1/2021 to 12/31/2021



Example Company, Inc. owns two banks in Pennsylvania that are subject to the bank shares tax; one is located in the MIRP. In March of 2021 they completed PA RCT-132 (Shares Tax & Loans Tax Report). The tax due amounted to \$25,000 and was paid with the filing of the report.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

NOTE: If the company is located in the MIRP but has another location, or has property, payroll or sales outside the MIRP, then the Supplemental Apportionment Worksheet (APP) must be completed to calculate the amount reporting in Column B (MIRP Location).

Tax Paid	\$	25,000.00
Times Tax Percentage (example APP)		0.420477
MIRP Portion	\$	10,511.93

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 25,000.00 Total tax remitted in the form of a payment, received by the department for consolidated tax type identified above.

MIRP Location (Column B)

\$ 10,511.93 Total tax type identified above attributable to the location within the MIRP.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0 Refunds granted for consolidated tax type identified above.

MIRP Location (Column B)

\$ 0 Refunds granted for tax type identified above attributable to the location within the MIRP.

Tax Payment Apportionment Factor

Please provide the percentage of tax type identified above attributable to the location within the MIRP zone.

42.05 %.

PA Sales, Use & Hotel Occupancy Tax Schedule 2021

Example
SU

Example Company, Inc.

Sales & Use Taxes Paid from 1/1/2021 to 12/31/2021

Example Company, Inc. has two retail stores; one in the MIRP and one in Harrisburg. They had annual sales from their MIRP store of \$2,000,000 and sales from the Harrisburg store of \$4,000,000, for a total of \$6,000,000 in sales.

In 2021 the company paid sales & use tax to the PA Dept. of Revenue, using Form PA-3 (Sales, Use & Hotel Occupancy Tax Return) or via E-TIDES, in January, April, July and October that totaled \$360,000 for the year. In February of 2021, they received a refund in the amount of \$250 for overpayment of sales tax in the 4th quarter of 2020.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

	Store Sales	Purchase Subject to Use Tax @ 6%	Sales/Use Tax Remitted @ 6%	Refund
Total Sales Tax Paid	\$ 6,000,000.00	-	\$ 360,000.00	\$ 250.00
MIRP Portion	\$ 2,000,000.00	-	\$ 120,000.00	\$ 83.00

Total Tax Payments Made

All Pennsylvania Locations (Column A)*

\$ 360,000.00

Total tax remitted in the form of a payment, received by the department for consolidated sales, use & hotel occupancy.

MIRP Location (Column B)

\$ 120,000.00

Total sales, use and hotel occupancy tax attributable to the location within the MIRP.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

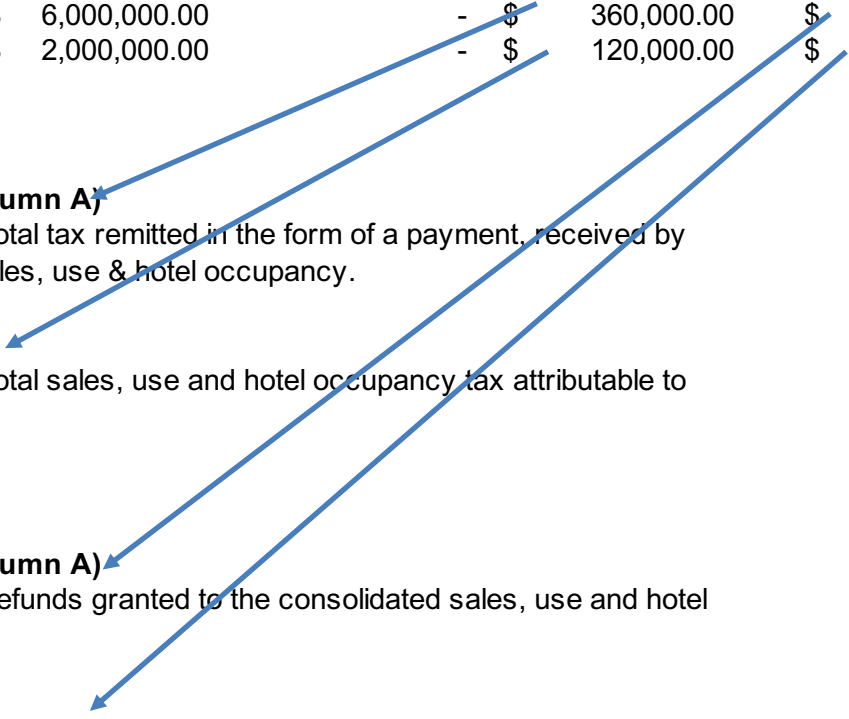
\$ 250.00

Refunds granted to the consolidated sales, use and hotel occupancy account.

MIRP Location (Column B)

\$ 83.00

Refunds granted attributable to the location within the MIRP for sales, use and hotel occupancy taxes.



PA Sales, Use & Hotel Occupancy Tax Schedule 2021

Example Company, Inc.

Hotel Occupancy Taxes Paid from 1/1/2021 to 12/31/2021

Example
HO

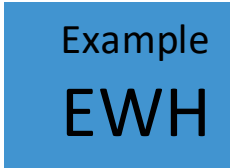
Example Company, Inc., is a hotel operator and owns several hotels located throughout Pennsylvania. The Company has one hotel located within the MIRP. In 2021 the Company paid \$60,000 in hotel occupancy taxes to the PA Department of Revenue, using form PA-3 (Sales, Use & Hotel Occupancy Tax Return) or via E-TIDES, of which \$20,000 was related to the MIRP location.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

	<u>Hotel Occupancy Remitted @ 6%</u>
Total Hotel Occupancy Tax Paid	\$ 60,000.00
Total Hotel Occupancy Tax Paid - MIRP Location	\$ 20,000.00
 <u>Total Tax Payments Made</u>	
All Pennsylvania Locations (Column A)	
\$ 60,000.00	Total tax remitted in the form of a payment, received by the department for consolidated sales, use & hotel occupancy.
MIRP Location (Column B)	
\$ 20,000.00	Total sales, use and hotel occupancy tax attributable to the location within the MIRP.
 <u>Total Tax Refunds Received</u>	
All Pennsylvania Locations (Column A)	
\$ 0	Refunds granted to the consolidated sales, use and hotel occupancy tax account.
MIRP Location (Column B)	
\$ 0	Refunds granted attributable to the location within the MIRP for sales, use and hotel occupancy taxes.

PA Employer Withholding Tax Schedule 2021

Example Company, Inc.
Payroll Taxes Paid from 1/1/2021 to 12/31/2021



Example Company, Inc. has two offices; one in the MIRP and one in Harrisburg. They have four employees, two work in the MIRP office location. In 2021 the company paid withholding taxes to the PA Dept. of Revenue, using Form PA-W3 (Employer Quarterly Return of Withholding Tax), in January (Q4-2020), April (Q1-2021), July (Q2-2021) and October (Q3-2021) that totaled \$3,714.70 for the year.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

	<u>Employed in MIRP office</u>	<u>Gross Wages</u>	<u>State Withholding @ 3.07%</u>	
Employee #1	y	\$ 42,000.00	\$ 1,289.40	} \$2,333.20
Employee #2	y	\$ 34,000.00	\$ 1,043.80	
Employee #3	n	\$ 30,000.00	\$ 921.00	
Employee #4	n	<u>\$ 15,000.00</u>	<u>\$ 460.50</u>	
		\$ 121,000.00	\$ 3,714.70	

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 3,714.70 Total tax remitted in the form of a payment, received by the department for consolidated employer withholding.

MIRP Location (Column B)

\$ 2,333.20 Total employer withholding attributable to the location within the MIRP.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0 Refunds granted to the Consolidated Employer Withholding Account.

MIRP Location (Column B)

\$ 0 Refunds granted attributable to the location within the MIRP for employer withholding.

**PA Employer Withholding Tax - MIRP Project
2021**
Example Company, Inc.
Payroll Taxes Paid from 1/1/2021 to 12/31/2021

**Example
EWH-MIRP
Project**

PLEASE COMPLETE A SEPARATE MIRP REPORT (UNIQUE LOCATION NUMBER) FOR EACH MIRP PROJECT ADDRESS

Example Company, Inc. is working on a MIRP project as a contractor. They have two people working on the project. Each of the people working on the project are spending a different percentage of their hours working on the project. The taxes paid related to the hours worked on the project that were remitted to the PA Dept. of Revenue, using Form PA-W3 (Employer Quarterly Return of Withholding Tax), in January (Q4-2020), April (Q1-2021), July (Q2-2021) and October (Q3-2021) totaled \$805.88 for the year.

Working on MIRP Project	Gross Wages	Withholding @ 3.07%	Percentage of total time working on MIRP project	Gross Wages related to MIRP project	Withholding @ 3.07%
Employee #1	\$ 42,000.00	\$ 1,289.40	0%	\$ -	\$ -
Employee #2	\$ 34,000.00	\$ 1,043.80	0%	\$ -	\$ -
Employee #3	\$ 30,000.00	\$ 921.00	65%	\$ 19,500.00	\$ 598.65
Employee #4	\$ 15,000.00	\$ 460.50	45%	\$ 6,750.00	\$ 207.23
		\$ 121,000.00		\$ 26,250.00	\$ 805.88

Total Tax Payments Made

All Pennsylvania Locations (Column A)
 \$ 3,714.70 Total tax remitted in the form of a payment, received by the department for consolidated employer withholding.

MIRP Location (Column B)
 \$ 805.88 Total employer withholding attributable to the MIRP Project.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)
 \$ 0 Refunds granted attributable to consolidated employer withholding.

MIRP Location (Column B)
 \$ 0 Refunds granted attributable to the MIRP Project.

**Realty Transfer Tax
2021
Example Company, Inc.
Tax Paid from 1/1/2021 to 12/31/2021**

**Example
RLTY**

In 2021 Example Company, Inc. paid \$25,000 in realty transfer taxes on two properties acquired in Pennsylvania. One property was located in the MIRP and one property was located in Harrisburg.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

Tax Paid	\$	25,000.00
MIRP Portion	\$	10,512.00

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 25,000.00	Total tax remitted in the form of a payment, received by the department for consolidated tax type identified above.
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MIRP Location (Column B)

\$ 10,512.00	Total tax type identified above attributable to the location within the MIRP.
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Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0	Refunds granted for consolidated tax type identified above.
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MIRP Location (Column B)

\$ 0	Refunds granted for tax type identified above attributable to the location within the MIRP.
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Personal Income Tax (PIT) Imposed on Passthrough Entity Income 2021

Example Company, Inc.
Tax Paid from 1/1/2021 to 12/31/2021

Example
PIT

Example Company, Inc. is a Pennsylvania Passthrough Entity with one shareholder. For the year 2020, the entity reported \$500,000 in net income. No PA individual income tax withholding was reported by the entity. In March of 2021 the shareholder paid \$15,350 of Pennsylvania personal income tax to the PA Dept. of Revenue on this income at 3.07%.

Passthrough entities include:
- Sole proprietor
- S Corporation
- LLC
- Partnership
- LP (Limited Partnership)

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

NOTE: EXCLUDES PIT on passive income.

Tax Paid	\$	15,350.00
MIRP Portion	\$	15,350.00

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 15,350.00 Total tax remitted in the form of a payment for consolidated tax type identified above.

MIRP Location (Column B)

\$ 15,350.00 Total tax type identified above attributable to the location within the MIRP.

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0 Refunds granted for consolidated tax type identified above.

MIRP Location (Column B)

\$ 0 Refunds granted for tax type identified above attributable to the location within the MIRP.

**PA Sales or Use Tax Paid on the Purchase of
Tangible Personal Property or Services
2021**

**Example Company, Inc.
Sales & Use Taxes Paid from 1/1/2021 to 12/31/2021**

Example Company, Inc. has two retail stores; one in the MIRP and one in Harrisburg. The company purchased furniture and other tangible personal property in total of \$150,000 of which \$75,000 was for the MIRP location.

NOTE: This report is prepared on a cash basis. Amounts are reported in the period that they are paid, not when they are incurred.

	<u>Column A</u>		<u>Column B</u>
TPP or Services Purchased Total PA	Total PA TPP Sales or Use Tax @ 6%	TPP or Services Purchased MIRP	Total MIRP TPP Sales or Use Tax @ 6%
\$ 150,000.00	\$ 9,000.00	\$ 75,000.00	\$ 4,500.00

NOTE: Taxpayer must maintain evidence of invoices to support amount reported and have the Invoice Date, Invoice Number, Purchase Amount, and Tax Paid available for input at time of filing.

Total Tax Payments Made

All Pennsylvania Locations (Column A)

\$ 9,000.00

Total tax remitted in the form of a payment, received by the department for sales or use tax paid on the purchase of tangible personal property or services.

MIRP Location (Column B)

\$ 4,500.00

Total sales or use tax paid on the purchase of tangible personal property or services used exclusively by the business for activity in the zone (MIRP location).

Total Tax Refunds Received

All Pennsylvania Locations (Column A)

\$ 0

Refunds granted attributable to all locations in PA.

MIRP Location (Column B)

\$ 0

Refunds granted attributable to the location within the MIRP.

