City of Philadelphia
LIFE • LIBERTY • AND YOU™

Guide

to the

Philadelphia **R**eentry **E**mployment **P**rogram (**PREP**)

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For questions regarding PREP:

Businesses, non-profits and corporate funders contact:
Keri Salerno
215-683-3380
Keri.Salerno@phila.gov
34 S 11th Street, 6th Floor, Philadelphia, PA 19102

Individuals contact:
R.I.S.E.
215-683-3370
Walk-in hours are Monday – Wednesday 9:00am – 12:00pm
34 S 11th Street, 6th Floor, Philadelphia, PA 19102

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Why Hire an Ex-offender?

Integrating ex-offenders into the workforce is a key element of growing the region's economy, making Philadelphia a safer city, reducing area poverty levels and inspiring prosperity.

All organizations whether they are private businesses or non-profits all want the same characteristics in their employees. They want them to be motivated, possess the skills needed to produce products, come to work on time each day, follow instructions, are eager to learn and who are enthusiastic about their employer.

Ex-offenders possess all of the above mentioned traits and are looking for employers to offer them the opportunity to prove themselves as dedicated workers.

Philadelphia Mayor Michael A. Nutter is committed to helping these individuals and assisting the businesses and non-profits that offer them chances to prove themselves. The City of Philadelphia wants to partner with the private and non-profit sectors to make the process of hiring these dedicated individuals as easy as possible.

The Mayor's Office of Reintegration Services for Ex-offenders (R.I.S.E.) is the lead agency in the City for the management of reintegration services for ex-offenders back into society. Each year thousands of ex-offenders are released from state, local and federal detention centers back into Philadelphia, making the successful reintegration of ex-offenders (juvenile and adult) the single most important workforce and public safety issue of our region. Two-thirds of these will commit new crimes and return to prison within 3 years without serious intervention. This creates a cycle of release and recidivism that is both devastating and costly to the city's economic growth, community and government resources.

Any individual who contacts R.I.S.E. seeking services is likely motivated. They want to break the revolving door of recidivism and remake their lives to become productive members of society. At R.I.S.E., they are assessed, and it is determined which of the partners can help them take that first step toward employment. R.I.S.E.'s partners range from transitional work organizations, placement agencies, job training centers, life coaches and others.

The job training and placement organizations working with R.I.S.E. help interested employers get what they need and save them time and money in the hiring process. To do this they take the time to find out first what employers' needs are, provide resume writing and interview coaching prior to sending an individual out on an interview. Once a hire occurs, R.I.S.E.'s partners continue to work with employers. If an employer or employee encounters any problems or concerns, they are there to assist and handle the problem.

"My Administration is committed to working with employers so ex-offenders can be integrated into the workforce. This Guide is intended to be a user friendly manual to assist businesses, non-profits, corporate funders and individuals providing them with the steps to take in order to participate in the Philadelphia Reentry Employment Program (PREP)."

Mayor Michael A. Nutter

History of the PREP

During the 2007 mayoral primary then candidate Michael A. Nutter pledged to make public safety a top priority for his Administration. Part of this commitment included working with Philadelphia's business community to integrate ex-offenders into the workforce to decrease recidivism.

After winning the democratic nomination in May 2007, even before securing the general election, Nutter began to make good on his commitment. He partnered with Philadelphia At-Large City Councilman W. Wilson Goode, Jr. on a piece of legislation titled the Philadelphia Reentry Employment Program or what came to commonly be known at PREP. This legislation created a tax credit for employers who hire ex-offenders.

In the spring of 2010 the Administration decided to evaluate PREP. For 2 and ½ years the Administration had been closely watching, listening and learning from the business community and members of the Administration on the frontlines of this issue on ways PREP can be made more streamlined and accessible.

On May 20, 2010 Councilman Goode introduced a piece of legislation to make improvements to PREP. A few weeks later it passed unanimously. The new version of PREP now allows for local non-profits to participate. In addition, a mechanism now exists for corporations who make charitable contributions to non-profits that employ ex-offenders to take advantage of the tax credit available through PREP.

Please visit www.phila.gov/reentry under PREP documents to view the full Ordinance.

Philadelphia Mayor Michael A. Nutter pledged during his mayoral campaign to make public safety a top priority for his Administration.

The PREP Process

.	1	2	3	4	5
Business	Complete Application	Sign Agreement		Hire	Request Tax Credit
Non-Profit	Complete Application	Sign Agreement	Receive a Charitable Contribution	Hire	
Corporate Funder	Complete Application	Sign Agreement	Make a Charitable Contribution		Request Tax Credit
Individual		Sign Agreement		Secure Employment	

Eligibility to Participate in PREP

An entity must fulfill all requirements listed in appropriate section to qualify for PREP.

Business

- ☐ Have no outstanding tax delinquencies with the City of Philadelphia.
- ☐ Commit to maintaining operations in the City of Philadelphia for 5 years from the date of the Agreement. Should the business not maintain operations in the City of Philadelphia for 5 years following an Agreement with the Revenue Department the tax credits it received must be repaid.
- ☐ Submit a completed application to the Revenue Department and be approved.
- ☐ Execute an Agreement with the Revenue Department.
- ☐ Hire an individual(s) who has an Agreement with R.I.S.E. in a full-time position working at least 37 and ½ hours a week or in a part-time position working at least 20 hours a week, but no more that 37 and ½ hours.
- ☐ Provide the employee(s) with the same compensation and fringe benefits offered to a comparable position. If no comparable position exists then provide the employee(s) with an hourly rate of at least 150% above federal minimum wage an hour plus fringe benefits.
- ☐ The employee(s) to be hired is not displacing another employee(s) of the business, and that the primary reason for such displacement is to obtain a tax credit through PREP.
- ☐ Employee must be employed for at least a 6 month period.
- ☐ Notify the Revenue Department within 1 week after employee(s) is no longer employed by the business, which shall include an explanation of the termination.
- ☐ Request a maximum amount of $30,000 in tax credits against the business privilege tax for any 1 employee over all tax years and $15,000 for any 1 part-time employee.

Non-profit

- ☐ Has been certified as an organization exempt from taxation under the Internal Revenue Code of 1986, as amended, and is exempt from taxation under Chapter 19-2600 (Business Privilege Taxes).
- ☐ Commit to maintaining operations in the City of Philadelphia for 5 years following a signed Agreement with R.I.S.E. and if not the corporate funder must repay the tax credits it received through PREP.
- ☐ Submit a completed application to R.I.S.E. and be approved.
- ☐ Execute an Agreement with R.I.S.E..
- ☐ Receive a charitable contribution from a corporate funder that has a signed Agreement with the Revenue Department.
- ☐ Hire an individual(s) who has an Agreement with R.I.S.E. in a full-time position working at least 37 and ½ hours a week or in a part-time position working at least 20 hours a week, but no more than 37 and ½ hours.
- ☐ Provide the employee(s) with the same compensation and fringe benefits offered to a comparable position(s). If no comparable position(s) exists then provide the employee(s) with an hourly rate of at least 150% above federal minimum wage an hour plus fringe benefits.
- ☐ The employee to be hired is not displacing another employee of the non-profit, and that the primary reason for such displacement is to obtain a tax credit for the corporate funder through PREP.
- ☐ The hiring of the employee(s) is in direct correlation to the charitable contribution. If the non-profit would have hired the employee(s) notwithstanding the charitable contribution, it becomes ineligible.
- ☐ Employee must be employed for at least a 6 month period.
- ☐ Notify the Revenue Department and corporate funder within 1 week after employee(s) is no longer employed by the non-profit, which shall include an explanation of the termination.

Continued on next page

Eligibility to Participate in PREP (cont.)

Corporate funder

- ☐ Have no outstanding tax delinquencies with the City of Philadelphia.
- ☐ Commit to maintaining operations in the City of Philadelphia for 5 years from the date of the Agreement. Should the corporate funder not maintain operations in the City of Philadelphia for 5 years following an Agreement with the Revenue Department the tax credits it received must be repaid.
- ☐ Submit a completed application to the Revenue Department and be approved.
- ☐ Execute an Agreement with the Revenue Department.
- ☐ Make a charitable contribution of at least $10,000 or $5,000 to a non-profit that has an Agreement with R.I.S.E. with the intent being to employ an employee(s) working in a full-time position(s) at least 37 and ½ hours a week or part-time position(s) working at least 20 hours a week, but no more than 37 and ½ hours.
- ☐ The non-profit is to provide the same compensation and fringe benefits offered to a comparable position within the organization. Should no comparable position exist at the non-profit than the charitable contribution must go towards wages of at least 150% above federal minimum wage an hour plus fringe benefits.
- ☐ The position offered to the employee(s) by the non-profit through the charitable contribution must not displace another employee(s) of the non-profit and that the primary reason for such displacement is for the corporate funder to obtain a tax credit through PREP.
- ☐ The employee must be employed for at least a 6 month period at the non-profit.
- ☐ Notify the Revenue Department within 1 week after employee(s) is no longer employed by the non-profit, which shall include an explanation of the termination.
- ☐ For the charitable contribution to a non-profit request a maximum amount of $21,000 for any one full-time employee or $10,500 for any one part-time employee tax credit against the business privilege tax over a 3 year period.

Individual

- ☐ Has previously been convicted of a felony, or who was incarcerated for any conviction, or who is currently on probation or parole for any conviction. Has not been convicted of a sex-offense or arson.
- ☐ Released from incarceration to Philadelphia no more than 7 years before being hired by a business or non-profit with an Agreement with the Revenue Department or R.I.S.E., respectively, or from incarceration elsewhere in the Commonwealth no more than 3 years.
- ☐ A Philadelphia resident for at least 1 year before being incarcerated, and has been a Philadelphia resident either continuously since being released from incarceration or for at least 3 years before being hired by a business or non-profit with an Agreement with the Revenue Department or R.I.S.E.
- ☐ Go through R.I.S.E. approved in-take and assessment process during which time an Agreement is signed with the department.
- ☐ With the assistance of R.I.S.E., or R.I.S.E. approved partner(s), develop a resume, take a Test of Adult Basic Education (TABE) and complete Job Readiness Training
- ☐ Be employed as a full-time employee working for at least 37 and ½ hours a week or as a part-time employee for at least 20 hours a week, but no more than 37 and ½ hours at a business or non-profit with an Agreement with the Revenue Department or R.I.S.E., respectively.
- ☐ Remain in employment for at least 6 months at a business or non-profit with an Agreement with the Revenue Department or R.I.S.E., respectively.
- ☐ Earn wages and benefits from a business or non-profit with an Agreement that are equal to a comparable position(s) and if no such position(s) exists then receive a wage of at least 150% above the federal minimum wage an hour with fringe benefits.

Information for businesses

For any business that could potentially want to request a tax credit against its business privilege tax through PREP, fulfills the eligibility requirements or has an interest in hiring ex-offenders, it is recommended it complete an application, and if approved, enter into an Agreement with the Revenue Department.

To be eligible to receive a tax credit through PREP a business must have no outstanding tax delinquencies with the City of Philadelphia. To see if any delinquencies exist please contact the Philadelphia Revenue Department at 215-686-6600 or visit the Business and Earnings Tax Unit located at Lower Level, Municipal Services Building, 1401 John F. Kennedy Boulevard, PA 19102.

Step 1: Complete Application

- ☐ Application for participation in PREP is available on R.I.S.E.'s website www.phila.gov/Reentry as well as the Revenue Department's at www.phila.gov/Revenue.
- ☐ Download application and complete in its entirety printing neatly.
- ☐ Compile all required attachments.
- ☐ Applications can be sent in via US mail or hand delivery.

Mail to:
Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102

Hand Delivery:
Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102
Hours: 8:30 am – 5:00 pm

Step 2: Sign Agreement with Revenue Department

- ☐ If the application was approved 2 copies of the Agreement will be sent via certified mail for signature.
- ☐ Upon signing and returning the Agreements to the Revenue Department, a fully executed copy will be returned to the business via certified mail.

Step 3: NA

Step 4: Hire

- ☐ Has an open, or new, position(s) and contacts R.I.S.E., or partner(s), to get names of potential employees who have an Agreement with R.I.S.E. with skills set matching position(s).
- ☐ Receives resume(s) and/or job application(s), interviews and decides to hire employee(s).
- ☐ Verifies with RISE individual has a signed Agreement with R.I.S.E.
- ☐ Meets all the hours, wage and length of employment requirements.
- ☐ Employee begins employment.

Continued on next page

Businesses (cont.)

Step 5: Request Tax Credit

- ☐ If still meets all the eligibility requirements outlined to receive the tax credit through PREP, completes application for receipt of tax credit through PREP. Applications are found on RISE's website at www.phila.gov/Rentry and the Revenue Department's website at www.phila.gov/Revenue.
- ☐ Download application and complete in its entirety printing neatly.
- ☐ Compile all required attachments.
- ☐ Applications can be sent in via US mail or hand delivery.

Mail to:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102

Hand Delivery:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102
Hours: 8:30 am – 5:00 pm

- ☐ If application for tax certificate is approved the business will receive a letter and the certificate via US mail notifying them.
- ☐ When the business is ready to claim/request the tax credits, it submits the tax certificate for the credit to be issued.

Business Application To Participate In PREP Sample

FOR DEPARTMENT USE ONLY

Application No. _____

Date Received _____

Time Received _____

Applicant's Name

Business Address

Philadelphia Address
(If different from Business Address)

Contact Person
(PLEASE PRINT)

Telephone Number

Federal Employer Identification #/Social Security #

Philadelphia Business Account Number

Date Business Began in Philadelphia

E-Mail Address

Type of Business

- ☐ Retail
- ☐ Wholesale
- ☐ Manufacture
- ☐ Service

Gross Receipts Subject to Philadelphia Business Privilege Tax
for the four most recent years

YEAR	RECEIPTS
_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____

Net Income Subject to Philadelphia Business Privilege Tax
for the four most recent years

YEAR	NET INCOME
_____	$ _____
_____	$ _____
_____	$ _____
_____	$ _____

Type of Entity

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ S Corporation
- ☐ C Corporation
- ☐ Other (specify) _____

Continued on next page

Business Application (cont.)

Provide a brief description of the nature of the applicant's business activity.

_____

_____

_____

_____

_____

_____

_____

_____

_____

Description of the project that will create the new jobs.

_____

_____

_____

_____

_____

_____

_____

_____

Certification: To be signed by an authorized company representative.
I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge.

Signature: _____ **Title:** _____

Print Name: _____ **Representing:** _____

Address: _____

_____

Continued on next page

Business Application (cont.)

Section I – General

A. Introduction

(1) The Philadelphia Reentry Employment Program (PREP) was established for the purpose of securing job creating economic development opportunities for ex-offenders through the expansion of existing businesses and the attraction of economic development prospects for the City of Philadelphia.

(2) Beginning in tax year 2008, an employer who hires an Ex-offender can elect to claim a PREP tax credit against their Business Privilege Tax. A business could receive up to $10,000 tax credit each year for three years for each Qualifying Full-time Employee hired for at least six (6) months; up to $5,000 for each Qualifying Part-time Employee. The maximum amount of tax credit a business may receive for any one Qualifying Full-time Employee over all tax years is $30,000. The maximum amount of credit a business may receive for any one Qualifying Part-time Employee is $15,000.

(3) Beginning in tax year 2010, a business who makes a contribution of at least $10,000 in a given tax year to a "Qualifying Exempt Organization" may claim a tax credit up to $7,000 for each "Qualifying Full-Time Employee" or a tax credit up to $3,500 for each "Qualifying Part-Time Employee" employed by the Qualifying Exempt Organization for at least six (6) months. A Qualifying Exempt Organization cannot receive a contribution from more than one business for each Qualifying Employee employed by the organization.

(4) A "Qualifying Employee" is an Ex-offender who is employed full-time or part-time and certified as a Qualifying Employee by The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E."). (Refer to Section 19-2604(9)(a)(ii) of the Ordinance for the criteria)

B. Eligibility

In order to be eligible to receive PREP Tax Credits, a business must have executed a PREP Tax Credit Agreement with the Revenue Department and be in full compliance with applicable Philadelphia tax laws, ordinances and regulations.

Section II – The Application Process

A. Application Submission and Approval Procedure

(1) The completed application should be returned to the Department of Revenue at the address listed on the application. (The "Qualifying Exempt Organization" **does not complete** or submit this application.)

(2) In addition to the application, the business must provide financial Statements (i.e. Income Statement, Balance Sheet, and Cash Flow) for the last three years.

(3) Upon approval of an application, the Department of Revenue will prepare a PREP Tax Credit Agreement which will be mailed to the applicant.

(4) **Upon acceptance of the conditions listed in the PREP Tax Credit Agreement, the business must sign the agreement and return it to the Department of Revenue within thirty (30) days of the date of the cover letter.**

(5) **After** a business has executed a PREP Tax Credit Agreement with the Department of Revenue, it shall make application to R.I.S.E. on a form required by R.I.S.E. for each employee it wishes to have certified as a Qualifying Employee.

(6) **After** a business has a fully executed Agreement with the Department of Revenue and after the business has received certification from R.I.S.E. for the employment of each Qualifying Employee, the business may then make a request, in writing, to the Department of Revenue for determination of and for issuance of the PREP tax credit. (No business may claim or receive a tax credit unless the business is in full compliance with applicable Philadelphia tax laws, ordinances and regulations.)

(7) **An organization shall make an application to R.I.S.E. on a form required by R.I.S.E., stating that it wishes to be certified as a Qualifying Exempt Organization.**

Section III – Penalties

A. **Failure to maintain operations.** A business which receives PREP Tax Credits related to employment of Qualifying Employees or to contributions made to a Qualifying Exempt Organization and either the business or the Qualifying Exempt Organization fails to substantially maintain existing operations, and the operations related to the tax credits, in the City of Philadelphia for a period of five (5) years from the date the business executes a PREP Tax Credit Agreement shall be required to refund to the City of Philadelphia the total amount of credit or credits granted.

B. **Waiver.** The Department of Revenue may waive the penalties outlined in subsection (A) above if the Department determines that failure to substantially maintain operations was because of circumstances beyond the business' or Qualifying Exempt Organization's control, including natural disasters, acts of terrorism, unforeseen industry trends, loss of a major supplier or market, or unforeseen social or economic trends.

Continued on next page

Business Application (cont.)

Section IV – Contact

A. Program inquiries should be directed to:

Department of Revenue
Technical Staff
Phone: (215) 686-6434

B. Applications can be accessed on-line at www.phila.gov/Revenue. Select What's New

C. PREP Ordinance can be accessed on line at http://legislation.phila.gov/attachments/10473.pdf

Mail Completed Application To:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
Room 630
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

PREP Business Application Approval Form Letter Sample

I am pleased to advise you that your application for participation in the Philadelphia Reentry Employment Program ("PREP") for Ex-Offenders under Section 19-2604(9) of The Philadelphia Code (the "Code") has been approved.

To be eligible to receive PREP Tax Credits, the company must first enter into a PREP Tax Credit Agreement ("Agreement") with the Revenue Department ("Department") which details all terms and conditions as set forth in the Code. After the company has executed an Agreement, you may request to have the Mayor's Office of Re-Integration Services for Ex-Offenders (R.I.S.E.) certify an ex-offender as a "Qualifying Employee". You may only claim PREP Tax Credits for "Qualifying Employees" first hired after the company enters into the Agreement with the Department.

Enclosed are two copies of the PREP Tax Credit Agreement which must be signed and returned to me at Municipal Services Building, 1401 John F. Kennedy Blvd., Room 630, Philadelphia, PA 19102 within thirty (30) days of the date of this letter. A fully executed copy of the Agreement will be returned to you.

If you have questions regarding the Agreement, please contact Cynthia Alvin at 215-686-6520 or via e-mail at cynthia.alvin@phila.gov.

PREP
Tax Credit Agreement
Sample

This Philadelphia Reentry Employment Program Tax Credit Agreement (the "Agreement") is made this _____ day of _____ 2010, by and between the City of Philadelphia (the "City"), a corporation and body politic existing under the laws of the Commonwealth of Pennsylvania, acting through its Department of Revenue, with an address at Municipal Service Building, 6th Floor, 1401 John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102, and __(the "Taxpayer"), a(entity type)with an address at_____.

BACKGROUND

A. This City is a City of the First Class under the law of the Commonwealth of Pennsylvania.

B. Subject to Section 19-2604(9) of the Philadelphia Code (the "Code"), concerning the Philadelphia Reentry Employment Program for Ex-Offenders ("PREP") and any regulations promulgated thereunder, an eligible business may receive a tax credit against its City Business Privilege Tax liability for:

1. Employing a certified qualifying full-time employee as defined in Section 19-2604(9)(a)(i)(ii)(iii) of the Code ("Qualifying Full-Time Employee" or "Qualifying Employee"); and/or
2. Employing a certified qualifying part-time employee as defined in Section 19-2604(9)(a)(i)(ii)(iv) of the Code ("Qualifying Part-Time Employee" or "Qualifying Employee"); and/or
3. Contributing at least Ten Thousand Dollars ($10,000) to a Qualifying Exempt Organization, as such organizations are defined in Section 19-2604(9)(a)(v) of the Code ("Qualifying Exempt Organization"), for each Qualifying Full-Time Employee employed by the Qualifying Exempt Organization for at least six (6) months; and/or
4. Contributing at least Five Thousand Dollars ($5,000) to a Qualifying Exempt Organization for each Qualifying Part-Time Employee employed by the Qualifying Exempt Organization for at least six (6) months.

C. Tax Credits are calculated as set forth in Section 19-2604(9)(b) of the Code ("Tax Credits"). The maximum amount of Tax Credit a business may receive for any one Qualifying Full-Time Employee over all tax years is Thirty-Thousand Dollars ($30,000) and the maximum amount of Tax Credit a business may receive for any one Qualifying Part-Time Employee over all tax years is Fifteen-Thousand Dollars ($15,000). The maximum amount of Tax Credit any business may receive for making a contribution to a Qualifying Exempt Organization shall not exceed Twenty-One Thousand Dollars ($21,000) for any one Qualifying Full-Time Employee and Ten-Thousand Five Hundred Dollars ($10,500) for any one Qualifying Part-Time Employee.

D. Section 19-2604(9)(f)(ii) of the Code further requires that the business seeking the Tax Credit, agrees to notify the Revenue Department within one week after any Qualifying Employee is no longer employed by the business or by the Qualifying Exempt Organization. Such notification shall include an explanation as to why the Qualifying Employee's employment terminated.

E. The Taxpayer commits (A) to maintain its operations in the City of Philadelphia for five (5) years from the date of this Agreement, and repay any tax credits it receives if it violates such commitment, and (B) to repay those tax credits earned for a contribution to a Qualifying Exempt Organization if that Qualifying Exempt Organization fails to maintain its operations in the City of Philadelphia for five (5) years from the date of this Agreement.

F. The Taxpayer is engaged in the business of within the City of Philadelphia.

G. Pursuant to Section 19-2604(9) of the Code, the Taxpayer and the City desire to enter into this Agreement in order that the City may grant the Tax Credit to the Taxpayer on the terms set forth herein.

NOW, THEREFORE, in consideration of the terms, covenants and conditions set forth below, with the intention of being legally bound, the parties to this Agreement agree as follows:

1. The Background above is incorporated by reference in this Agreement.

2. The Taxpayer will claim Tax Credits as follows, and only to the extent allowed by the Code.

   (a) The Taxpayer will claim Tax Credits only for the time periods during which it is employing one or more persons that The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E."), or such other agency or office as the Mayor shall designate, has certified as a Qualifying Employee(s).

Continued on next page

Tax Credit Agreement (cont.)

(b) The Taxpayer will claim Tax Credits only for each certified Qualifying Employee who has been employed by the Taxpayer for more than six (6) months and for each Qualifying Employee who has been employed by the Qualifying Exempt Organization for more than six (6) months.

(c). The Taxpayer will claim Tax Credits
i) for each Qualifying Full-time Employee employed by the Taxpayer only in the amount of $10,000 multiplied by the percentage of the tax year that the respective Qualifying Full-time Employee was employed by the Taxpayer, and/or

ii) for each Qualifying Part-time Employee employed by the Taxpayer only in the amount of $5,000 multiplied by the percentage of the tax year that the respective Qualifying Part-time Employee was employed by the Taxpayer; and/or

iii) for each contribution by the Taxpayer of at least $10,000 in a given tax year to a Qualifying Exempt Organization only in the amount of $7,000 multiplied by the percentage of the tax year that the Qualifying Full-time Employee was employed by the Qualifying Exempt Organization; and/or

iv) for each contribution of at least $5,000 in a given tax year to a Qualifying Exempt Organization only in the amount of $3,500 multiplied by the percentage of the tax year that the Qualifying Part-time Employee was employed by the Qualifying Exempt Organization For purposes of subsection (c)(iii) above and this subsection, the percentage of a tax year shall be calculated by dividing the total number of full calendar weeks during the tax year that the Qualifying Employee was employed by the business or Qualifying Exempt Organization by fifty-two (52). For purposes of (c)(iii) above and this subsection, Qualifying Exempt Organization cannot receive a contribution from more than one business for each Qualifying Employee employed by the organization.

(d) The Taxpayer will claim Tax Credits only if the Qualifying Employee is employed during the tax year in a position where either (A) compensation is equivalent to those wages and benefits, including sick leave, holiday and vacation absences, and tuition benefits, afforded regular employees in comparable positions as part of the Employer's regular payroll process; or, if a comparable position does not exist, (B) the average hourly rate, excluding benefits, is at least 150% of the federal minimum wage, and the employment package includes the same benefits as are provided to other full-time employees and tuition support for GED, Community College or other post-secondary education, or vocational/technical education or training, of at least $2,000 during each of the first two years of employment and $1,000 during the third year of employment.

(e) The Taxpayer will claim Tax Credits only for time periods during which each Qualifying Employee earns wages that are subject to the Wage and Net Profits Tax under Chapter 19-1500 of the Code, and that are withheld and paid over to the City.

(f) The Taxpayer will claim Tax Credits only against the total Business Privilege tax liability, and Taxpayer may claim Tax Credit for a period not to exceed five years from the date of this Agreement. Any unused Tax Credit may be carried forward for three years from the date of hire of Qualifying Employee by the Taxpayer, or the date of the contribution to the Qualifying Exempt Organization by the Taxpayer.

(g) The Taxpayer will claim Tax Credits only for Qualifying Employees that were released from incarceration in the City no more than seven years before being hired by the Taxpayer or from incarceration elsewhere in the Commonwealth no more than three years before being hired by the Taxpayer, and were Philadelphia residents for at least one year before being incarcerated, and are Philadelphia residents either continuously since being released from incarceration or for at least three years before being hired.

(h) The Taxpayer will claim Tax Credits only for Qualifying Employees first hired by the Taxpayer after each Qualifying Employee has executed a PREP Employee's Agreement.

(i) The Taxpayer will not claim Tax Credits for any year in which it is also claiming tax credits for new job creation pursuant to Section 19-2604(7) of the Code.

3. The Taxpayer will provide written notification to the Revenue Department within one week after any Qualifying Employee is no longer employed by the Taxpayer or by the Qualifying Exempt Organization. Such notification shall include an explanation as to why the Qualifying Employee's employment terminated.

4. The Taxpayer and the Qualifying Exempt Organization shall maintain its operations in the City of Philadelphia for at least five (5) years from the date of this Agreement. In the event the Taxpayer and the Qualifying Exempt Organization fail to substantially maintain existing operations and operations related to the PREP Program for a period of five (5) years from the date of this Agreement, the business shall repay to the City all Tax Credits that the Taxpayer received under the PREP Program.

5. The Taxpayer will not hire any Qualifying Employee in order to displace another employee and thereby obtain Tax Credits, and will not fire any former Qualifying Employee because of the lack of availability of Tax Credits for such employee.

6. The Taxpayer may only apply the Tax Credit against its total liability for Business Privilege Tax. Cash refunds will not be issued for any unused credits. The Tax credits and their use

Continued on next page

may not be assigned or transferred to any other Taxpayer, including a subsidiary or other affiliate of the Taxpayer.

7. The Taxpayer shall comply with all Applicable Laws in connection with this Agreement. "Applicable Laws" shall mean all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, including, without limitation, Section 19-2604 of the Code.

8. Without limiting the generality of Section 7 above, throughout the term of this Agreement, the Taxpayer shall comply with all City laws, ordinances and regulations relating to taxes.

9. All activities of the Taxpayer under this Agreement shall be subject to monitoring and evaluation by the City or its authorized representatives. The Taxpayer shall provide the City with such additional information and data as may be required from time to time by Federal, State, or City authorities. Authorized representatives of the City shall have access to

   the books and records maintained by the Taxpayer with respect to the rights and obligations granted under this Agreement at all reasonable times and for all reasonable purposes including but not limited to, the right to inspect or copy such books and records and any and all memoranda, checks, correspondence, or documents pertaining thereto. The

   Taxpayer shall maintain such books and records for at least five (5) years following the expiration or earlier termination of this Agreement.

10. Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by United States certified mail, postage prepaid, return receipt requested, or overnight mail through a nationally recognized courier, addressed to the following party:

If to the City: Department of Revenue
Municipal Services Building, 6th Floor
1401 John F. Kennedy Boulevard

Philadelphia, PA 19102
Attention: Revenue Commissioner

If to the Taxpayer (Name/Address):

_____

_____

_____

Attention: _____

11. (a) This agreement is entered into under the terms of the Philadelphia Home Rule Charter and, in its performance, the Taxpayer shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation or national origin and shall comply with the Fair Practices Code (9-1100 of the Code). The Taxpayer's noncompliance with the provisions of this Section shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, termination of this Agreement and/or pursuit of such other remedies as may be provided in this Agreement or at law or in equity.

    (b) In accordance with Chapter 17-400 of The Philadelphia Code, the Taxpayer agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

    (i) The Taxpayer further agrees to cooperate with the Commission on Human Relations of the City of Philadelphia in any manner such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code. Failure to so cooperate shall, without limiting the generality of any other provision of this Agreement, constitute a substantial breach of this Agreement and entitle the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

12. The Taxpayer hereby certifies and represents to the City that the Taxpayer is not currently indebted to the City, and will not during the term of this Agreement be indebted to the

Continued on next page

City, for or on account of any delinquent taxes (including, but not limited, to taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. Any breach or failure to conform to the aforesaid certifications shall constitute a default by Taxpayer and entitle the City to exercise any rights or remedies available to it under this Agreement.

13. If any term, covenant or condition of this Agreement or the Application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
14. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by City and the Taxpayer.
15. Nothing in this Agreement, express or implied, is intended or shall be construed to confer or give to any person, firm, corporation or legal entity, other than the City and the Taxpayer, any rights, remedies or other benefits under or by reason of this Agreement. The City does not intend to give or confer upon any Qualifying Employee any legal rights or remedies in connection with this Agreement.
16. This Agreement sets forth all the promises, agreements, conditions and understanding by and between City and The Taxpayer with respect to the Tax Credit. There are no promises, agreements, conditions or understandings by and between City and The Taxpayer with respect to the Tax Credits other than those set forth in the agreement.
17. This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County, or before the Tax Review Board of the City of Philadelphia.
18. Any and all provisions set forth in this Agreement, which, by its nature or their nature, would reasonably, be expected to perform after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA

By: _____

Name: Keith J. Richardson

Revenue Commissioner

APPROVED AS TO FORM:
Shelley R. Smith, City Solicitor

Per: _____
Name: Frank Paiva, Jr.
Title: Divisional Deputy City Solicitor

TAXPAYER:

_____

SEAL:

By: _____
Name:
Title:

_____
Name:
Title:

Fully Executed PREP Agreement Cover Letter Sample

I am pleased to return your fully executed copy of the Philadelphia Reentry Employment Program ("PREP") Tax Credit Agreement.

You may receive a PREP Tax Credit for each "Qualifying Employee" who has been employed for more than six months and who was hired after your business entered into the PREP Tax Credit Agreement ("Agreement") with the Philadelphia Department of Revenue ("Department"). You may claim a tax credit up to ten thousand dollars ($10,000) each year for each "Qualifying Full-time Employee" or up to five thousand dollars ($5,000) each year for each "Qualifying Part-time Employee" hired by the business. The maximum amount of tax credits the business may receive for any one Qualifying Full-time Employee over all tax years is $30,000; $15,000 is the maximum amount for any one Qualifying Part-time Employee.

You may also receive a PREP Tax Credit for a contribution of at least $10,000 made in a given tax year to a "Qualifying Exempt Organization" (organization as approved by the Mayor's Office of Re-Integration Services for Ex-Offenders - "R.I.S.E.") for each Qualifying Employee employed by the Qualifying Exempt Organization for at least six months and hired after the business executed an Agreement with the Department. The tax credit for making the (minimum) $10,000 contribution to the organization is $7,000 for each Qualifying Full-time Employee and $3,500 for each Qualifying Part-time Employee employed by the organization. The maximum amount of tax credits the business may receive for making the contribution to the organization is $21,000 for any one Qualifying Full-time Employee and $10,500 for any one Qualifying Part-time Employee.

You must contact the Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") for each employee you wish to have certified as a Qualifying Employee as defined in Section 19-2604(9)(a) of The Philadelphia Code. You can download the application at www.phila.gov/Reentry. For questions regarding the certification process for Qualifying Employees and Qualifying Exempt Organizations please contact Keri Salerno at 215-683-3380 or via e-mail at keri.salerno@phila.gov for information.

After the business has received certification from R.I.S.E. regarding Qualifying Employees and/or Qualifying Exempt Organizations, you may make a request to the Department for issuance of the PREP Tax Credit Certificate. To request the tax credit you must submit a "Certification Form for Issuance of PREP Tax Credit" to the Department. The form can be accessed at www.phila.gov/revenue/business_taxes. Please contact Cynthia Alvin at 215-686-6520 or via e-mail at cynthia.alvin@phila.gov if you have questions concerning the issuance and the claiming of the PREP Tax Credit.

Please direct all future correspondence to the applicable person in the Department (Cynthia Alvin) or in R.I.S.E. (Keri Salerno).

Employee Request Form (PREP) Sample

FOR DEPARTMENT USE ONLY

Application No. _____

Date Received _____

Time Received _____

COMPANY/ORGANIZATION

NAME: _____

FEIN: _____

CONTACT NAME: _____

ADDRESS: _____

CITY: _____ **STATE:** _____ **ZIP:** _____

EMAIL: _____ **PHONE:** _____

POSITION(S): _____ **# OF POSITIONS:** _____

(attach additional information if needed)

WAGE $ _____ **per hour** **SALARY:** _____

START DATE: _____ **END DATE (if known):** _____

REPORTS TO: _____

POSITION DESCRIPTION:

_____

_____

_____

_____

_____

(attach additional information if needed)

Continued on next page

Employee Request Form (cont.)

EDUCATION REQUIRED:

_____

_____

_____

EXPERIENCE REQUIRED:

_____

_____

_____

SKILLS REQUIRED:

_____

_____

_____

WORK HOURS

HOURS PER WEEK: _____ MON – FRI: _____ SAT – SUN: _____

TRANSPORTATION

SEPTA SERVICE AVAILABLE: YES _____ NO _____

TRANSPORTATION NEED: YES _____ NO _____

BENEFITS:

_____

_____

_____

OTHER INFORMATION, IF NEEDED:

Certification Form for Issuance of PREP Tax Credit Certificate
Sample

Applicant's Name: _____

Business Address: _____

Philadelphia Business Tax Account #: _____ **Federal Employer Identification #:** _____

PREP Tax Credit Amount Requested: _____
(Tax credit calculation details attached)

Certification: To be signed by an authorized representative of the applicant.
The undersigned representative for the applicant hereby certifies the following:

- A PREP Tax Credit Agreement has been fully executed with the City of Philadelphia – Department of Revenue.
- All full-time and part-time employees listed on the attached documents, for which the PREP Tax Credit is being requested, have been certified by The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") as "Qualifying Employees" – "Qualifying Full-Time Employee" or "Qualifying Part-Time Employee".
- Each organization listed on the attached document, for which the required minimum contribution was made and for which the PREP Tax Credit is being requested, has been certified by R.I.S.E. as a "Qualifying Exempt Organization".
- Each Qualifying Employee listed was employed by the business or the Qualifying Exempt Organization for at least six (6) months.
- The Revenue Department ("Department") will be notified within one (1) week after any Qualifying Employee is no longer employed by the business or by the Qualifying Exempt Organization.

The taxpayer further certifies that it is maintaining its obligations in accordance with the terms and conditions of the PREP Tax Credit Agreement executed on the _____ day of _____ (month, year) and is in compliance with the Department's requirements.

I hereby certify that all information contained in this application and the attachments are true and correct to the best of my knowledge.

Signature of Representative: _____ **Date:** _____

Print Name of Representative: _____

Title of Representative: _____

Representative's Address: _____

Continued on next page

Certification Form for Issuance of PREP Tax Credit Certificate (cont)

Attachment A: Employment and Contribution Affidavit

Applicants for the PREP Tax Credits are required to complete and sign this affidavit.

Indicate the total in each column for the items listed below. Attach a list that includes 1) each Qualifying Employee's name, SSN, hire and termination dates 2) each Qualifying Exempt Organization's name, EIN, contribution amount, date of contribution and 3) the applicable tax credit for each employee and/or contribution.

Number of Qualifying Employees:	**Hired by the Business**	**Hired by Qualifying Exempt Organizations**
Qualifying Full-Time Employees		
Qualifying Part-Time Employees	_____	_____
Total	_____	_____
	_____	_____

PREP Tax Credit:	**Amount**	**Amount**
Qualifying Full-Time Employees		
Qualifying Part-Time Employees	_____	_____
Total	_____	_____
	_____	_____

I certify that, as of _____ (date), the business is eligible for the issuance of PREP Tax Credits totaling $_____. I am requesting the Revenue Department to issue a tax credit certificate for the amount allowed.

Preparer's Name: _____ **Preparer's Title:** _____

Preparer's Signature: _____ **Date:** _____

Instructions for Requesting and Claiming the PREP Tax Credit

- To be eligible to receive the tax credit, a business **must first** execute a PREP Tax Agreement with the Revenue Department.
- **After** a business has executed a PREP Tax Credit Agreement, it may make an application to The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") on a form required by R.I.S.E. for each employee it wishes to have certified as a "Qualifying Employee".
- **After** a business has received certification from R.I.S.E. for each Qualifying Employee, it may make a request to the Revenue Department for the issuance of the PREP Tax Credit and to claim the tax credit.
- For the methodology to calculate the PREP Tax Credit, reference Section 19-2604(9)(b) of The Philadelphia Code - "Calculation of Tax Credits"; The (amended) Ordinance can be accessed at http://legislation.phila.gov/attachments/10473.pdf
- **For issuance of the tax credit certificate, and to claim the tax credit, the business must submit the following documents to the Revenue Department:**
  1. Signed and completed Certification Form for Issuance of PREP Tax Credit;
  2. Copy of the certification issued by R.I.S.E. for each Qualifying Employee and Qualifying Exempt Organization;
  3. List of each Qualifying Full-Time and Part-Time Employee for which the tax credit was calculated – including name, SSN, hire and termination dates, tax credit amount;
  4. List of each Qualifying Exempt Organization to which a contribution was made – including the name and SSN of each Qualifying Full-Time and Part-Time Employee hired by the Organization, tax credit amount, Organization's EIN, contribution amount, date of the contribution, a copy of both sides of the cancelled contribution check.
- Upon review and verification of the tax credit calculations, you will be notified and a tax credit certificate will be issued accordingly by the Department. **The tax credit and applicable BPT Return have to be manually processed.** To claim the tax credit, you **must** submit the original copy of Business Privilege Tax Return, for which the credit is being claimed, directly to Technical Staff in order to have the tax credit processed. OTHERWISE, the tax credit will not get processed.
- NOTE: Failure to submit **any** of the required documents or documentation will result in delays in the issuance and processing of the PREP Tax Credit.

Mail completed certification form and all other required documents to:

City of Philadelphia
Department of Revenue
Municipal Services Building – Room 630
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

Please be advised that we have reviewed the documentation you submitted with the "Certification Form for Issuance of the PREP Tax Credit Certificate" and have verified your calculations of the PREP Tax Credit. We have issued the PREP Tax Credit Certificate for the "Qualifying Employees" for the (cumulative) amount of **$$$$**. The PREP Tax Credit Certificate is attached.

Approval of PREP Tax Credit Certification Sample

The business may claim the PREP Tax Credit against its total Business Privilege Tax liability. *The tax credits may be claimed for period of five (5) years from the date the business executed the PREP Tax Credit Agreement with the City of Philadelphia – Revenue Department. Any unused credit may be carried forward for three (3) years from the date of hire of the Qualifying Employee, or the date of the contribution to the "Qualifying Exempt Organization".* The business will forfeit credits not claimed within this period.

The PREP Tax Credits must be manually processed. Upon claiming the credit, please complete the applicable columns on "Attachment A" of the tax certificate for each Qualifying Employee. Please send the original Business Privilege Tax (BPT) Return to me accompanied by the tax certificate/Attachment 'A' and a cover letter indicating the total amount of tax credits being claimed. I will have the tax return and the tax credit manually processed**. If you mail your BPT Return directly to the City's P.O. Box, the tax credit will not get processed.**

If you have any questions….

Cynthia Alvin, CPA
Tax & Revenue Conferee

PREP Tax Credit Certification Attachment A Sample

Applicant's Name:_____

Qualifying Employees			PREP	PREP	BPT Tax		Unused Credit Carry Forward Claimed			
Employee's Name	SSN No.	Date of Hire	Tax Credit Amount	Tax Credit Claimed	Year Claimed	Unused Credit	Year One	Year Two	Year Three	Expiration Date
Hired by the Business:										
		Total	_____-							
Hired by the Qualifying Exempt Organization:										
Date of Contribution_____		Total	_____-							
		Cummulative Total	_____-							

"The non-profit sector is a driving force for the City's economy. My Administration is proud to now offer a way for its members to take advantage of PREP."
Mayor Michael A. Nutter

Information for Non-Profits

For any non-profit that currently runs programs that employs ex-offenders or utilizes ex-offenders to fulfill the general operation of the non-profit, or anticipates doing so, it is recommended it complete an application, and if approved, enter into an Agreement with R.I.S.E.

Step 1: Complete application

- ☐ Application for participation in PREP is available on RISE's website www.phila.gov/Reentry as well as the Revenue Department's at www.phila.gov/Revenue
- ☐ Download application and complete in its entirety printing neatly
- ☐ Compile all required attachments
- ☐ Applications can be sent in via US mail or hand delivery

Mail to:
Keri Salerno
R.I.S.E.
34 S 11th Street, 6th Floor
Philadelphia, PA 19102

Hand Delivery:
Keri Salerno
R.I.S.E.
34 S 11th Street, 6th Floor
Philadelphia, PA 19102
Hours: Monday – Friday 8:30am – 4:30pm

Step 2: Sign agreement with R.I.S.E.

- ☐ If the application was approved an Agreement will be sent via US mail.
- ☐ Upon receipt of original signed Agreement with R.I.S.E. an electronic PDF copy will be sent to the non-profit.

Step 3: Receive charitable contribution

- ☐ Form a partnership with a corporate funder who has already completed an application, been approved and executed an Agreement with the Revenue Department. The result of this partnership is the non-profit receiving a charitable contribution.
- ☐ Corporate funder provides an award letter to the non-profit indicating the name of the non-profit the charitable contribution is intended for, the amount of the charitable contribution, the name of the specific program the charitable contribution is to fund or if it is for general operating expenses, number of full-time and/or part-time positions anticipated, wages and length of employment.
- ☐ Copy of award letter is sent to R.I.S.E.

Mail to:
Keri Salerno
R.I.S.E.
34 S 11th Street, 6th Floor
Philadelphia, PA 19102

Hand Delivery:
Keri Salerno
R.I.S.E.
34 S 11th Street, 6th Floor
Philadelphia, PA 19102
Hours: Monday – Friday 8:30am – 4:30pm

Step 4: Hire

- ☐ Has an open, or new, position(s) and contacts R.I.S.E., or partner(s), to get names of potential employees who have an Agreement with the R.I.S.E. with skills set matching open, or new, position(s).
- ☐ Non-profit will be asked to complete a simple request form outlining employment needs.
- ☐ Receives resume(s) and/or application(s), interviews and decides to hire employee(s).
- ☐ Verifies with RISE individual has an Agreement with R.I.S.E.
- ☐ Meet all the hours, wage and length of employment requirements.
- ☐ Employee begins employment.

Step 5: NA

Exempt Organization Application To Participate In The Philadelphia Reentry Employment Program (PREP)
Sample

FOR DEPARTMENT USE ONLY

Application No. _____

Date Received _____

Time Received _____

Applicant's Name

Organization Address

Philadelphia Address
(If different from Organization Address)

Contact Person
(PLEASE PRINT)

Telephone Number

Federal Employer Identification #

Date Business Began in Philadelphia

E-Mail Address

Type of Organization (check all that apply)

- ☐ Community and Economic Development
- ☐ Arts and Culture
- ☐ Housing
- ☐ Education
- ☐ Early Childhood Development
- ☐ Community Engagement
- ☐ Sustainability
- ☐ Other

Provide organization's mission statement.

Continued on next page

Exempt Organization Application (cont.)

Description of past, current, planned or potential programming utilizing ex-offenders as employees.

_____

_____

_____

_____

_____

_____

_____

_____

Certification: To be signed by an authorized organization's representative.
I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge.

Signature: _____ **Title:** _____

Print Name: _____ **Representing:** _____

Address: _____

_____

Continued on next page

Exempt Organization Application (cont.)

Section I – General

C. Introduction

(5) The Philadelphia Reentry Employment Program (PREP) was established for the purpose of securing job creating economic development opportunities for ex-offenders through the expansion of existing businesses and the attraction of economic development prospects for the City of Philadelphia.

(6) Beginning in tax year 2008, an employer who hires an Ex-offender can elect to claim a PREP tax credit against their Business Privilege Tax. A business could receive up to $10,000 tax credit each year for three years for each Qualifying Full-time Employee hired for at least six (6) months; up to $5,000 for each Qualifying Part-time Employee. The maximum amount of tax credit a business may receive for any one Qualifying Full-time Employee over all tax years is $30,000. The maximum amount of credit a business may receive for any one Qualifying Part-time Employee is $15,000.

(7) Beginning in tax year 2010, a business who makes a contribution of at least $10,000 in a given tax year to a "Qualifying Exempt Organization" may claim a tax credit up to $7,000 for each "Qualifying Full-Time Employee" or a tax credit up to $3,500 for each "Qualifying Part-Time Employee" employed by the Qualifying Exempt Organization for at least six (6) months. A Qualifying Exempt Organization cannot receive a contribution from more than one business for each Qualifying Employee employed by the organization.

(8) A "Qualifying Employee" is an Ex-offender who is employed full-time or part-time and certified as a Qualifying Employee by The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E."). (Refer to Section 19-2604(9)(a)(ii) of the Ordinance for the criteria)

D. Eligibility

In order for a business to be eligible PREP Tax Credits by making a charitable contribution, it must have executed a PREP Tax Credit Agreement with the Revenue Department and be in full compliance with applicable Philadelphia tax laws, ordinances and regulations. In addition, the exempt organization receiving the charitable contribution must have executed a PREP Agreement with R.I.S.E.

Section II – The Application Process

B. Application Submission and Approval Procedure

(1) The completed application should be returned to R.I.S.E at the address listed on the application.

(2) In addition to the application, the organization must provide a copy of its IRS 501c3 designation letter, list of current board of directors and most recent financial statement and audit.

(3) Upon approval of an application, R.I.S.E. will prepare a PREP Agreement which will be mailed to the applicant.

(4) **Upon acceptance of the conditions listed in the PREP Agreement, the organization must sign the agreement and return it to R.I.S.E. within thirty (30) days of the date of the cover letter.**

(5) **After** an organization has executed a PREP Agreement with R.I.S.E., it is eligible to solicit and receive a charitable contribution from a business that has entered into a PREP Tax Credit Agreement with the Department of Revenue. It is also eligible to hire individuals who have been certified by R.I.S.E. as Qualifying Employees.

(6) **After** an organization has a fully executed Agreement with R.I.S.E. and after the organization has received certification from R.I.S.E. for the employment of each Qualifying Employee and after the corporate funder has a fully executed Agreement with the Department of Revenue, the corporate funder may then make a request, in writing, to the Department of Revenue for determination of and for issuance of the PREP tax credit.

(No business may claim or receive a tax credit unless the business is in full compliance with applicable Philadelphia tax laws, ordinances and regulations.)

Section III – Penalties

C. **Failure to maintain operations.** A business which receives PREP Tax Credits related to employment of Qualifying Employees or to contributions made to a Qualifying Exempt Organization and either the business or the Qualifying Exempt Organization fails to substantially maintain existing operations, and the operations related to the tax credits, in the City of Philadelphia for a period of five (5) years from the date the business executes a PREP Tax Credit Agreement shall be required to refund to the City of Philadelphia the total amount of credit or credits granted.

D. **Waiver.** The Department of Revenue may waive the penalties outlined in subsection (A) above if the Department determines that failure to substantially maintain operations was because of circumstances beyond the business' or Qualifying Exempt Organization's control, including natural disasters, acts of terrorism, unforeseen industry trends, loss of a major supplier or market, or unforeseen social or economic trends.

Section IV – Contact

D. **Program inquiries should be directed to:**
R.I.S.E.
Phone: (215) 683-3380

E. Applications can be accessed on-line at www.phila.gov/Reentry and www.phila.gov/Revenue.

F. PREP Ordinance can be accessed on line at http://legislation.phila.gov/attachments/10473.pdf

Mail Completed Application To:

Mayor's Office of Reintegration
Services for Ex-offenders
34 S 11th Street, 6th Floor
Philadelphia, PA 19102

Non-Profit Agreement Sample

This tax exempt Agreement is made pursuant to an Ordinance establishing the Philadelphia Reentry Employment Program (PREP) tax exempt Agreement for ex-offenders section 20-1703(e).

This PREP tax exempt Agreement ("Agreement") is made this _____ day of _____ month, of the year_____, by and between the City of Philadelphia ("City"), acting through the Mayor's Office of Reintegration Services for Ex-offenders ("RISE") and _____("Organization").

1. The Organization is exempt from taxation under the Internal Revenue Code of 1986, as amended, and is exempt from taxation under this Chapter 19-2600 (Business Privilege Taxes)
2. Intends to employee an ex-offender(s) who has been certified by RISE as a qualifying employee.
3. Intends to enter into a partnership, by means of receiving a charitable contribution, with a business that has applied and been approved by the Philadelphia Department of Revenue to participate in PREP and that has entered into an agreement with the Philadelphia Department of Revenue.

City of Philadelphia (RISE) PRINT	**Tax Exempt Organization** PRINT
RISE Official Title PRINT	**Tax Exempt Organization Title** PRINT
Date:	**Date:**
City of Philadelphia (RISE) **RISE Official** SIGNATURE	**Tax Exempt Organization** SIGNATURE
Date:	**Date:**

Award Letter Sample

Month, Day Year

Corporation
Address 1
Address 2
Philadelphia, PA 19103

Non-profit
Address 1
Philadelphia, PA 19147

Dear Executive Director:

Enclosed please find a charitable contribution in the amount of $_____. The purpose of this donation is to allow Non-profit to hire 1 ex-offender, currently participating in the Philadelphia Reentry Employment Program (PREP), for the _____ program. The intent is for the individual to work for a 6 month period with the same fringe benefits offered other members of the _____ program. Employment is to last for at least 6 months with the individual anticipated to work at least 37 and ½ hours a week at an hourly rate of $X. The remainder of the contribution, X is to go towards general operating costs of the _____ program.

Following the successful completion of the program the Corporation intends to request a tax credit from the Revenue Department through the PREP.

Should the individual's employment be terminated at any point during the program, Non-profit agrees to notify Philadelphia Department of Revenue immediately with an explanation.

Corporation is happy to support a program like _____ and its efforts to enhance Philadelphia.

Sincerely,

Signature
President and CEO

Employee Request Form (PREP) Sample

FOR DEPARTMENT USE ONLY

Application No. _____

Date Received _____

Time Received _____

COMPANY/ORGANIZATION

NAME: _____

FEIN: _____

CONTACT NAME: _____

ADDRESS: _____

CITY: _____ **STATE:** _____ **ZIP:** _____

EMAIL: _____ **PHONE:** _____

POSITION(S): _____ **# OF POSITIONS:** _____

(attach additional information if needed)

WAGE $ _____ **per hour** **SALARY:** _____

START DATE: _____ **END DATE (if known):** _____

REPORTS TO: _____

POSITION DESCRIPTION:

_____

_____

_____

_____

_____

(attach additional information if needed)

Continued on next page

Employee Request Form (cont.)

EDUCATION REQUIRED:

_____

_____

_____

EXPERIENCE REQUIRED:

_____

_____

_____

SKILLS REQUIRED:

_____

_____

_____

WORK HOURS

HOURS PER WEEK: _____ MON – FRI: _____ SAT – SUN: _____

TRANSPORTATION

SEPTA SERVICE AVAILABLE: YES _____ NO _____

TRANSPORTATION NEED: YES _____ NO _____

BENEFITS:

_____

_____

_____

OTHER INFORMATION, IF NEEDED:

Information for Corporate Funders

For any corporate funder that could potentially want to request a tax credit through PREP, fulfills the eligibility requirements or has an interest in making a charitable contribution to a non-profit that hires ex-offenders, it is recommended it complete an application, and if approved, enter into an Agreement with the Revenue Department.

To be eligible to receive a tax credit against the business privilege tax through PREP a corporate funder must have no outstanding tax delinquencies with the City of Philadelphia. To see if any delinquencies exist please contact the Revenue Department at 215-686-6600 or visit the Business and Earnings Tax Unit located at Lower Level, Municipal Services Building, 1401 John F. Kennedy Boulevard, PA 19102.

In general, if the taxpayer has received a PREP tax credit for a charitable contribution, it may not be permissible also to claim a deduction on the taxpayer's federal tax return for that charitable contribution to the extent of the credit received. In all cases it is recommended a corporate funder consult its tax advisors on the amount of any charitable contribution it plans to apply for a tax credit against its business privilege tax through PREP and on the amount of that contribution it plans to deduct from its federal tax returns.

Step 1: Complete application

- ☐ Application for participation in PREP are available on RISE's website www.phila.gov/Reentry as well as the Revenue Department's at www.phila.gov/Revenue.
- ☐ Download application and complete in its entirety printing neatly.
- ☐ Compile all required attachments.
- ☐ Applications can be sent in via US mail or hand delivery.

Mail to:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102

Hand Delivery:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102
Hours: 8:30 am – 5:00 pm

Step 2: Sign agreement

- ☐ If the application was approved 2 copies of the Agreement will be sent via certified mail for signature.
- ☐ Upon signing and returning the Agreements to the Revenue Department, a fully executed copy will be returned to the business via certified mail.

Step 3: Make charitable contribution

- ☐ Form a partnership with a non-profit who has already completed an application, been approved and executed an Agreement with R.I.S.E. The result of this partnership is the corporate funder making a charitable contribution to the non-profit.
- ☐ Provide an award letter to the non-profit indicating the name of the non-profit the charitable contribution is intended for, the amount of the charitable contribution, the name of the specific program the charitable contribution is to fund or if it is for general operating expenses, number of full-time and/or part-time positions anticipated, wages and length of employment.

Step 4: NA

Continued on next page

Step 5: Request tax credit

- ☐ If still meets all the eligibility requirements outlined to receive the tax credit through PREP, completes application for receipt of tax credit through PREP. Applications are found on RISE's website at www.phila.gov/Reentry and the Revenue Department's website at www.phila.gov/Revenue. Must acknowledge in appropriate place of application requesting because of a charitable contribution to a non-profit.
- ☐ Download application and complete in its entirety printing neatly.
- ☐ Compile all required attachments.
- ☐ Applications can be sent in via US mail or hand delivery.

Mail to:
Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102

Hand Delivery:
Revenue Commissioner
City of Philadelphia
Municipal Services Building
1401 John F. Kennedy Boulevard - Room 630
Philadelphia, PA 19102
Hours: 8:30 am – 5:00 pm

- ☐ If application for tax certificate is approved the business will receive a letter and the certificate via US mail notifying them.
- ☐ When the business is ready to claim/request the tax credits, it submits the tax certificate for the tax credit to be issued.

Business Application To Participate In PREP Sample

FOR DEPARTMENT USE ONLY

Application No. _____

Date Received _____

Time Received _____

Applicant's Name

Business Address

Philadelphia Address
(If different from Business Address)

Contact Person
(PLEASE PRINT)

Telephone Number

Federal Employer Identification #/Social Security #

Philadelphia Business Account Number

Date Business Began in Philadelphia

E-Mail Address

Type of Business

- ☐ Retail
- ☐ Wholesale
- ☐ Manufacture
- ☐ Service

Gross Receipts Subject to Philadelphia Business Privilege Tax
for the four most recent years

YEAR	RECEIPTS
	$
	$
	$
	$

Net Income Subject to Philadelphia Business Privilege Tax
for the four most recent years

YEAR	NET INCOME
	$
	$
	$
	$

Type of Entity

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ S Corporation
- ☐ C Corporation
- ☐ Other (specify) _____

Continued on next page

Business Application (cont.)

Provide a brief description of the nature of the applicant's business activity.

_____

_____

_____

_____

_____

_____

_____

_____

_____

Description of the project that will create the new jobs.

_____

_____

_____

_____

_____

_____

_____

_____

Certification: To be signed by an authorized company representative.
I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge.

Signature: _____ **Title:** _____

Print Name: _____ **Representing:** _____

Address: _____

_____

Continued on next page

Business Application (cont.)

Section I – General

E. Introduction

(9) The Philadelphia Reentry Employment Program (PREP) was established for the purpose of securing job creating economic development opportunities for ex-offenders through the expansion of existing businesses and the attraction of economic development prospects for the City of Philadelphia.

(10) Beginning in tax year 2008, an employer who hires an Ex-offender can elect to claim a PREP tax credit against their Business Privilege Tax. A business could receive up to $10,000 tax credit each year for three years for each Qualifying Full-time Employee hired for at least six (6) months; up to $5,000 for each Qualifying Part-time Employee. The maximum amount of tax credit a business may receive for any one Qualifying Full-time Employee over all tax years is $30,000. The maximum amount of credit a business may receive for any one Qualifying Part-time Employee is $15,000.

(11) Beginning in tax year 2010, a business who makes a contribution of at least $10,000 in a given tax year to a "Qualifying Exempt Organization" may claim a tax credit up to $7,000 for each "Qualifying Full-Time Employee" or a tax credit up to $3,500 for each "Qualifying Part-Time Employee" employed by the Qualifying Exempt Organization for at least six (6) months. A Qualifying Exempt Organization cannot receive a contribution from more than one business for each Qualifying Employee employed by the organization.

(12) A "Qualifying Employee" is an Ex-offender who is employed full-time or part-time and certified as a Qualifying Employee by The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E."). (Refer to Section 19-2604(9)(a)(ii) of the Ordinance for the criteria)

F. Eligibility

In order to be eligible to receive PREP Tax Credits, a business must have executed a PREP Tax Credit Agreement with the Revenue Department and be in full compliance with applicable Philadelphia tax laws, ordinances and regulations.

Section II – The Application Process

C. Application Submission and Approval Procedure

(1) The completed application should be returned to the Department of Revenue at the address listed on the application. (The "Qualifying Exempt Organization" **does not complete** or submit this application.)

(2) In addition to the application, the business must provide financial Statements (i.e. Income Statement, Balance Sheet, and Cash Flow) for the last three years.

(3) Upon approval of an application, the Department of Revenue will prepare a PREP Tax Credit Agreement which will be mailed to the applicant.

(4) **Upon acceptance of the conditions listed in the PREP Tax Credit Agreement, the business must sign the agreement and return it to the Department of Revenue within thirty (30) days of the date of the cover letter.**

(5) **After** a business has executed a PREP Tax Credit Agreement with the Department of Revenue, it shall make application to R.I.S.E. on a form required by R.I.S.E. for each employee it wishes to have certified as a Qualifying Employee.

(6) **After** a business has a fully executed Agreement with the Department of Revenue and after the business has received certification from R.I.S.E. for the employment of each Qualifying Employee, the business may then make a request, in writing, to the Department of Revenue for determination of and for issuance of the PREP tax credit. (No business may claim or receive a tax credit unless the business is in full compliance with applicable Philadelphia tax laws, ordinances and regulations.)

(7) **An organization shall make an application to R.I.S.E. on a form required by R.I.S.E., stating that it wishes to be certified as a Qualifying Exempt Organization.**

Section III – Penalties

E. **Failure to maintain operations.** A business which receives PREP Tax Credits related to employment of Qualifying Employees or to contributions made to a Qualifying Exempt Organization and either the business or the Qualifying Exempt Organization fails to substantially maintain existing operations, and the operations related to the tax credits, in the City of Philadelphia for a period of five (5) years from the date the business executes a PREP Tax Credit Agreement shall be required to refund to the City of Philadelphia the total amount of credit or credits granted.

F. **Waiver.** The Department of Revenue may waive the penalties outlined in subsection (A) above if the Department determines that failure to substantially maintain operations was because of circumstances beyond the business' or Qualifying Exempt Organization's control, including natural disasters, acts of terrorism, unforeseen industry trends, loss of a major supplier or market, or unforeseen social or economic trends.

Continued on next page

Business Application (cont.)

Section IV – Contact

G. Program inquiries should be directed to:

Department of Revenue
Technical Staff
Phone: (215) 686-6434

H. Applications can be accessed on-line at www.phila.gov/Revenue. Select What's New

I. PREP Ordinance can be accessed on line at http://legislation.phila.gov/attachments/10473.pdf

Mail Completed Application To:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
Room 630
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

PREP Business Application Approval Form Letter Sample

I am pleased to advise you that your application for participation in the Philadelphia Reentry Employment Program ("PREP") for Ex-Offenders under Section 19-2604(9) of The Philadelphia Code (the "Code") has been approved.

To be eligible to receive PREP Tax Credits, the company must first enter into a PREP Tax Credit Agreement ("Agreement") with the Revenue Department ("Department") which details all terms and conditions as set forth in the Code. After the company has executed an Agreement, you may request to have the Mayor's Office of Re-Integration Services for Ex-Offenders (R.I.S.E.) certify an ex-offender as a "Qualifying Employee". You may only claim PREP Tax Credits for "Qualifying Employees" first hired after the company enters into the Agreement with the Department.

Enclosed are two copies of the PREP Tax Credit Agreement which must be signed and returned to me at Municipal Services Building, 1401 John F. Kennedy Blvd., Room 630, Philadelphia, PA 19102 within thirty (30) days of the date of this letter. A fully executed copy of the Agreement will be returned to you.

If you have questions regarding the Agreement, please contact Cynthia Alvin at 215-686-6520 or via e-mail at cynthia.alvin@phila.gov.

PREP
Tax Credit Agreement
Sample

This Philadelphia Reentry Employment Program Tax Credit Agreement (the "Agreement") is made this _____day of _____ 2010, by and between the City of Philadelphia (the "City"), a corporation and body politic existing under the laws of the Commonwealth of Pennsylvania, acting through its Department of Revenue, with an address at Municipal Service Building, 6th Floor, 1401 John F. Kennedy Boulevard, Philadelphia, Pennsylvania 19102, and __(the "Taxpayer"), a(entity type)with an address at_____.

BACKGROUND

C. This City is a City of the First Class under the law of the Commonwealth of Pennsylvania.

D. Subject to Section 19-2604(9) of the Philadelphia Code (the "Code"), concerning the Philadelphia Reentry Employment Program for Ex-Offenders ("PREP") and any regulations promulgated thereunder, an eligible business may receive a tax credit against its City Business Privilege Tax liability for:

1. Employing a certified qualifying full-time employee as defined in Section 19-2604(9)(a)(i)(ii)(iii) of the Code ("Qualifying Full-Time Employee" or "Qualifying Employee"); and/or
2. Employing a certified qualifying part-time employee as defined in Section 19-2604(9)(a)(i)(ii)(iv) of the Code ("Qualifying Part-Time Employee" or "Qualifying Employee"); and/or
3. Contributing at least Ten Thousand Dollars ($10,000) to a Qualifying Exempt Organization, as such organizations are defined in Section 19-2604(9)(a)(v) of the Code ("Qualifying Exempt Organization"), for each Qualifying Full-Time Employee employed by the Qualifying Exempt Organization for at least six (6) months; and/or
4. Contributing at least Five Thousand Dollars ($5,000) to a Qualifying Exempt Organization for each Qualifying Part-Time Employee employed by the Qualifying Exempt Organization for at least six (6) months.

C. Tax Credits are calculated as set forth in Section 19-2604(9)(b) of the Code ("Tax Credits"). The maximum amount of Tax Credit a business may receive for any one Qualifying Full-Time Employee over all tax years is Thirty-Thousand Dollars ($30,000) and the maximum amount of Tax Credit a business may receive for any one Qualifying Part-Time Employee over all tax years is Fifteen-Thousand Dollars ($15,000). The maximum amount of Tax Credit any business may receive for making a contribution to a Qualifying Exempt Organization shall not exceed Twenty-One Thousand Dollars ($21,000) for any one Qualifying Full-Time Employee and Ten-Thousand Five Hundred Dollars ($10,500) for any one Qualifying Part-Time Employee.

D. Section 19-2604(9)(f)(ii) of the Code further requires that the business seeking the Tax Credit, agrees to notify the Revenue Department within one week after any Qualifying Employee is no longer employed by the business or by the Qualifying Exempt Organization. Such notification shall include an explanation as to why the Qualifying Employee's employment terminated.

E. The Taxpayer commits (A) to maintain its operations in the City of Philadelphia for five (5) years from the date of this Agreement, and repay any tax credits it receives if it violates such commitment, and (B) to repay those tax credits earned for a contribution to a Qualifying Exempt Organization if that Qualifying Exempt Organization fails to maintain its operations in the City of Philadelphia for five (5) years from the date of this Agreement.

F. The Taxpayer is engaged in the business of within the City of Philadelphia.

G. Pursuant to Section 19-2604(9) of the Code, the Taxpayer and the City desire to enter into this Agreement in order that the City may grant the Tax Credit to the Taxpayer on the terms set forth herein.

NOW, THEREFORE, in consideration of the terms, covenants and conditions set forth below, with the intention of being legally bound, the parties to this Agreement agree as follows:

1. The Background above is incorporated by reference in this Agreement.

2. The Taxpayer will claim Tax Credits as follows, and only to the extent allowed by the Code.

   (a) The Taxpayer will claim Tax Credits only for the time periods during which it is employing one or more persons that The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E."), or such other agency or office as the Mayor shall designate, has certified as a Qualifying Employee(s).

Continued on next page

Tax Credit Agreement (cont.)

(b) The Taxpayer will claim Tax Credits only for each certified Qualifying Employee who has been employed by the Taxpayer for more than six (6) months and for each Qualifying Employee who has been employed by the Qualifying Exempt Organization for more than six (6) months.

(c). The Taxpayer will claim Tax Credits

i) for each Qualifying Full-time Employee employed by the Taxpayer only in the amount of $10,000 multiplied by the percentage of the tax year that the respective Qualifying Full-time Employee was employed by the Taxpayer, and/or

ii) for each Qualifying Part-time Employee employed by the Taxpayer only in the amount of $5,000 multiplied by the percentage of the tax year that the respective Qualifying Part-time Employee was employed by the Taxpayer; and/or

iii) for each contribution by the Taxpayer of at least $10,000 in a given tax year to a Qualifying Exempt Organization only in the amount of $7,000 multiplied by the percentage of the tax year that the Qualifying Full-time Employee was employed by the Qualifying Exempt Organization; and/or

iv) for each contribution of at least $5,000 in a given tax year to a Qualifying Exempt Organization only in the amount of $3,500 multiplied by the percentage of the tax year that the Qualifying Part-time Employee was employed by the Qualifying Exempt Organization For purposes of subsection (c)(iii) above and this subsection, the percentage of a tax year shall be calculated by dividing the total number of full calendar weeks during the tax year that the Qualifying Employee was employed by the business or Qualifying Exempt Organization by fifty-two (52). For purposes of (c)(iii) above and this subsection, Qualifying Exempt Organization cannot receive a contribution from more than one business for each Qualifying Employee employed by the organization.

(d) The Taxpayer will claim Tax Credits only if the Qualifying Employee is employed during the tax year in a position where either (A) compensation is equivalent to those wages and benefits, including sick leave, holiday and vacation absences, and tuition benefits, afforded regular employees in comparable positions as part of the Employer's regular payroll process; or, if a comparable position does not exist, (B) the average hourly rate, excluding benefits, is at least 150% of the federal minimum wage, and the employment package includes the same benefits as are provided to other full-time employees and tuition support for GED, Community College or other post-secondary education, or vocational/technical education or training, of at least $2,000 during each of the first two years of employment and $1,000 during the third year of employment.

(e) The Taxpayer will claim Tax Credits only for time periods during which each Qualifying Employee earns wages that are subject to the Wage and Net Profits Tax under Chapter 19-1500 of the Code, and that are withheld and paid over to the City.

(f) The Taxpayer will claim Tax Credits only against the total Business Privilege tax liability, and Taxpayer may claim Tax Credit for a period not to exceed five years from the date of this Agreement. Any unused Tax Credit may be carried forward for three years from the date of hire of Qualifying Employee by the Taxpayer, or the date of the contribution to the Qualifying Exempt Organization by the Taxpayer.

(g) The Taxpayer will claim Tax Credits only for Qualifying Employees that were released from incarceration in the City no more than seven years before being hired by the Taxpayer or from incarceration elsewhere in the Commonwealth no more than three years before being hired by the Taxpayer, and were Philadelphia residents for at least one year before being incarcerated, and are Philadelphia residents either continuously since being released from incarceration or for at least three years before being hired.

(h) The Taxpayer will claim Tax Credits only for Qualifying Employees first hired by the Taxpayer after each Qualifying Employee has executed a PREP Employee's Agreement.

(i) The Taxpayer will not claim Tax Credits for any year in which it is also claiming tax credits for new job creation pursuant to Section 19-2604(7) of the Code.

3. The Taxpayer will provide written notification to the Revenue Department within one week after any Qualifying Employee is no longer employed by the Taxpayer or by the Qualifying Exempt Organization. Such notification shall include an explanation as to why the Qualifying Employee's employment terminated.

4. The Taxpayer and the Qualifying Exempt Organization shall maintain its operations in the City of Philadelphia for at least five (5) years from the date of this Agreement. In the event the Taxpayer and the Qualifying Exempt Organization fail to substantially maintain existing operations and operations related to the PREP Program for a period of five (5) years from the date of this Agreement, the business shall repay to the City all Tax Credits that the Taxpayer received under the PREP Program.

5. The Taxpayer will not hire any Qualifying Employee in order to displace another employee and thereby obtain Tax Credits, and will not fire any former Qualifying Employee because of the lack of availability of Tax Credits for such employee.

6. The Taxpayer may only apply the Tax Credit against its total liability for Business Privilege Tax. Cash refunds will not be issued for any unused credits. The Tax credits and their use may not be assigned or transferred to any other Taxpayer, including a subsidiary or other affiliate of the Taxpayer.

7. The Taxpayer shall comply with all Applicable Laws in connection with this Agreement. "Applicable Laws" shall mean all applicable present and future federal, state, municipal laws, ordinances, codes, rules, regulations, statutes, orders and requirements, including, without limitation, Section 19-2604 of the Code.

Continued on next page

Tax Credit Agreement (cont.)

8. Without limiting the generality of Section 7 above, throughout the term of this Agreement, the Taxpayer shall comply with all City laws, ordinances and regulations relating to taxes.

9. All activities of the Taxpayer under this Agreement shall be subject to monitoring and evaluation by the City or its authorized representatives. The Taxpayer shall provide the City with such additional information and data as may be required from time to time by Federal, State, or City authorities. Authorized representatives of the City shall have access to the books and records maintained by the Taxpayer with respect to the rights and obligations granted under this Agreement at all reasonable times and for all reasonable purposes including but not limited to, the right to inspect or copy such books and records and any and all memoranda, checks, correspondence, or documents pertaining thereto. The Taxpayer shall maintain such books and records for at least five (5) years following the expiration or earlier termination of this Agreement.

10. Any notice, demand, request, consent or waiver to be given in accordance with this Agreement shall be in writing and shall be sent by United States certified mail, postage prepaid, return receipt requested, or overnight mail through a nationally recognized courier, addressed to the following party:

If to the City: Department of Revenue
Municipal Services Building, 6th Floor
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102
Attention: Revenue Commissioner

If to the Taxpayer (Name/Address):

_____
_____
_____

Attention: _____

11. (a) This agreement is entered into under the terms of the Philadelphia Home Rule Charter and, in its performance, the Taxpayer shall not discriminate nor permit discrimination against any person because of race, color, religion, sex, sexual orientation or national origin and shall comply with the Fair Practices Code (9-1100 of the Code). The Taxpayer's noncompliance with the provisions of this Section shall constitute a substantial breach of this Agreement entitling the City to take appropriate action to enforce compliance, including without limitation, at the City's option, termination of this Agreement and/or pursuit of such other remedies as may be provided in this Agreement or at law or in equity.

(b) In accordance with Chapter 17-400 of The Philadelphia Code, the Taxpayer agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment, on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

(i) The Taxpayer further agrees to cooperate with the Commission on Human Relations of the City of Philadelphia in any manner such Commission deems reasonable and necessary to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code. Failure to so cooperate shall, without limiting the generality of any other provision of this Agreement, constitute a substantial breach of this Agreement and entitle the City to all rights and remedies provided in this Agreement or otherwise available at law or in equity.

12. The Taxpayer hereby certifies and represents to the City that the Taxpayer is not currently indebted to the City, and will not during the term of this Agreement be indebted to the City, for or on account of any delinquent taxes (including, but not limited, to taxes collected by the City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the City has been established. Any breach or failure to conform to the aforesaid certifications shall constitute a default by Taxpayer and entitle the City to exercise any rights or remedies available to it under this Agreement.

13. If any term, covenant or condition of this Agreement or the Application thereof to any party or circumstance shall, to any extent, be invalid, or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to parties or circumstances other than those to which the Agreement was held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

14. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by City and the Taxpayer.

15. Nothing in this Agreement, express or implied, is intended or shall be construed to confer or give to any person, firm, corporation or legal entity, other than the City and the Taxpayer, any rights, remedies or other benefits under or by reason of this Agreement. The City does not intend to give or confer upon any Qualifying Employee any legal rights or remedies in connection with this Agreement.

16. This Agreement sets forth all the promises, agreements, conditions and understanding by and between City and The Taxpayer with respect to the Tax Credit. There are no promises, agreements, conditions or understandings by and between City and The Taxpayer with respect to the Tax Credits other than those set forth in the agreement.

Continued on next page

Tax Credit Agreement (cont.)

17. This Agreement is made in Philadelphia, Pennsylvania, and shall be governed, construed, and decided by the laws of the Commonwealth of Pennsylvania. Any proceeding instituted in connection with this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County, or before the Tax Review Board of the City of Philadelphia.

18. Any and all provisions set forth in this Agreement, which, by its nature or their nature, would reasonably, be expected to perform after the expiration or earlier termination of this Agreement shall survive and be enforceable after the expiration or earlier termination of this Agreement. Any and all liabilities, actual or contingent, which shall have arisen in connection with this Agreement, shall survive any expiration or termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date and year first above written.

THE CITY OF PHILADELPHIA

By: _____

Revenue Commissioner

Name: Keith J. Richardson

APPROVED AS TO FORM:
Shelley R. Smith, City Solicitor

Per: _____
Name: Frank Paiva, Jr.
Title: Divisional Deputy City Solicitor

TAXPAYER:

_____

SEAL:

By: _____
Name:
Title:

_____
Name:
Title:

Fully Executed PREP Agreement Cover Letter Sample

I am pleased to return your fully executed copy of the Philadelphia Reentry Employment Program ("PREP") Tax Credit Agreement.

You may receive a PREP Tax Credit for each "Qualifying Employee" who has been employed for more than six months and who was hired after your business entered into the PREP Tax Credit Agreement ("Agreement") with the Philadelphia Department of Revenue ("Department"). You may claim a tax credit up to ten thousand dollars ($10,000) each year for each "Qualifying Full-time Employee" or up to five thousand dollars ($5,000) each year for each "Qualifying Part-time Employee" hired by the business. The maximum amount of tax credits the business may receive for any one Qualifying Full-time Employee over all tax years is $30,000; $15,000 is the maximum amount for any one Qualifying Part-time Employee.

You may also receive a PREP Tax Credit for a contribution of at least $10,000 made in a given tax year to a "Qualifying Exempt Organization" (organization as approved by the Mayor's Office of Re-Integration Services for Ex-Offenders - "R.I.S.E.") for each Qualifying Employee employed by the Qualifying Exempt Organization for at least six months and hired after the business executed an Agreement with the Department. The tax credit for making the (minimum) $10,000 contribution to the organization is $7,000 for each Qualifying Full-time Employee and $3,500 for each Qualifying Part-time Employee employed by the organization. The maximum amount of tax credits the business may receive for making the contribution to the organization is $21,000 for any one Qualifying Full-time Employee and $10,500 for any one Qualifying Part-time Employee.

You must contact the Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") for each employee you wish to have certified as a Qualifying Employee as defined in Section 19-2604(9)(a) of The Philadelphia Code. You can download the application at www.phila.gov/Reentry. For questions regarding the certification process for Qualifying Employees and Qualifying Exempt Organizations please contact Keri Salerno at 215-683-3380 or via e-mail at keri.salerno@phila.gov for information.

After the business has received certification from R.I.S.E. regarding Qualifying Employees and/or Qualifying Exempt Organizations, you may make a request to the Department for issuance of the PREP Tax Credit Certificate. To request the tax credit you must submit a "Certification Form for Issuance of PREP Tax Credit" to the Department. The form can be accessed at www.phila.gov/revenue/business_taxes. Please contact Cynthia Alvin at 215-686-6520 or via e-mail at cynthia.alvin@phila.gov if you have questions concerning the issuance and the claiming of the PREP Tax Credit.

Please direct all future correspondence to the applicable person in the Department (Cynthia Alvin) or in R.I.S.E. (Keri Salerno).

Award Letter Sample

Month, Day Year

Corporation
Address 1
Address 2
Philadelphia, PA 19103

Non-profit
Address 1
Philadelphia, PA 19147

Dear Executive Director:

Enclosed please find a charitable contribution in the amount of $_____. The purpose of this donation is to allow Non-profit to hire 1 ex-offender, currently participating in the Philadelphia Reentry Employment Program (PREP), for the _____ program. The intent is for the individual to work for a 6 month period with the same fringe benefits offered other members of the _____ program. Employment is to last for at least 6 months with the individual anticipated to work at least 37 and ½ hours a week at an hourly rate of $X. The remainder of the contribution, X is to go towards general operating costs of the _____ program.

Following the successful completion of the program the Corporation intends to request a tax credit from the Revenue Department through the PREP.

Should the individual's employment be terminated at any point during the program, Non-profit agrees to notify Philadelphia Department of Revenue immediately with an explanation.

Corporation is happy to support a program like _____ and its efforts to enhance Philadelphia.

Sincerely,

Signature
President and CEO

Certification Form for Issuance of PREP Tax Credit Certificate
Sample

Applicant's Name: _____

Business Address: _____

Philadelphia Business Tax Account #: _____ **Federal Employer Identification #:** _____

PREP Tax Credit Amount Requested: _____
(Tax credit calculation details attached)

Certification: To be signed by an authorized representative of the applicant.
The undersigned representative for the applicant hereby certifies the following:

- A PREP Tax Credit Agreement has been fully executed with the City of Philadelphia – Department of Revenue.
- All full-time and part-time employees listed on the attached documents, for which the PREP Tax Credit is being requested, have been certified by The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") as "Qualifying Employees" – "Qualifying Full-Time Employee" or "Qualifying Part-Time Employee".
- Each organization listed on the attached document, for which the required minimum contribution was made and for which the PREP Tax Credit is being requested, has been certified by R.I.S.E. as a "Qualifying Exempt Organization".
- Each Qualifying Employee listed was employed by the business or the Qualifying Exempt Organization for at least six (6) months.
- The Revenue Department ("Department") will be notified within one (1) week after any Qualifying Employee is no longer employed by the business or by the Qualifying Exempt Organization.

The taxpayer further certifies that it is maintaining its obligations in accordance with the terms and conditions of the PREP Tax Credit Agreement executed on the _____ day of _____ (month, year) and is in compliance with the Department's requirements.

I hereby certify that all information contained in this application and the attachments are true and correct to the best of my knowledge.

Signature of Representative: **Date:**

Print Name of Representative:

_____ _____

Title of Representative:

_____

Representative's Address:

_____

Continued on next page

Certification Form for Issuance of PREP Tax Credit Certificate (cont)

Attachment A: Employment and Contribution Affidavit

Applicants for the PREP Tax Credits are required to complete and sign this affidavit.

Indicate the total in each column for the items listed below. Attach a list that includes 1) each Qualifying Employee's name, SSN, hire and termination dates 2) each Qualifying Exempt Organization's name, EIN, contribution amount, date of contribution and 3) the applicable tax credit for each employee and/or contribution.

Number of Qualifying Employees:	**Hired by the Business**	**Hired by Qualifying Exempt Organizations**
Qualifying Full-Time Employees		
Qualifying Part-Time Employees	_____	_____
Total	_____	_____
	_____	_____

PREP Tax Credit:	**Amount**	**Amount**
Qualifying Full-Time Employees		
Qualifying Part-Time Employees	_____	_____
Total	_____	_____
	_____	_____

I certify that, as of _____ (date), the business is eligible for the issuance of PREP Tax Credits totaling $_____. I am requesting the Revenue Department to issue a tax credit certificate for the amount allowed.

Preparer's Name _____ **Preparer's Title:** _____

Preparer's Signature _____ **Date:** _____

Instructions for Requesting and Claiming the PREP Tax Credit

- To be eligible to receive the tax credit, a business **must first** execute a PREP Tax Agreement with the Revenue Department.
- **After** a business has executed a PREP Tax Credit Agreement, it may make an application to The Mayor's Office of Re-Integration Services for Ex-Offenders ("R.I.S.E.") on a form required by R.I.S.E. for each employee it wishes to have certified as a "Qualifying Employee".
- **After** a business has received certification from R.I.S.E. for each Qualifying Employee, it may make a request to the Revenue Department for the issuance of the PREP Tax Credit and to claim the tax credit.
- For the methodology to calculate the PREP Tax Credit, reference Section 19-2604(9)(b) of The Philadelphia Code - "Calculation of Tax Credits"; The (amended) Ordinance can be accessed at http://legislation.phila.gov/attachments/10473.pdf
- **For issuance of the tax credit certificate, and to claim the tax credit, the business must submit the following documents to the Revenue Department:**
  5. Signed and completed Certification Form for Issuance of PREP Tax Credit;
  6. Copy of the certification issued by R.I.S.E. for each Qualifying Employee and Qualifying Exempt Organization;
  7. List of each Qualifying Full-Time and Part-Time Employee for which the tax credit was calculated – including name, SSN, hire and termination dates, tax credit amount;
  8. List of each Qualifying Exempt Organization to which a contribution was made – including the name and SSN of each Qualifying Full-Time and Part-Time Employee hired by the Organization, tax credit amount, Organization's EIN, contribution amount, date of the contribution, a copy of both sides of the cancelled contribution check.
- Upon review and verification of the tax credit calculations, you will be notified and a tax credit certificate will be issued accordingly by the Department. **The tax credit and applicable BPT Return have to be manually processed.** To claim the tax credit, you **must** submit the original copy of Business Privilege Tax Return, for which the credit is being claimed, directly to Technical Staff in order to have the tax credit processed. OTHERWISE, the tax credit will not get processed.
- NOTE: Failure to submit **any** of the required documents or documentation will result in delays in the issuance and processing of the PREP Tax Credit.

Mail completed certification form and all other required documents to:

City of Philadelphia
Department of Revenue
Municipal Services Building – Room 630
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

Please be advised that we have reviewed the documentation you submitted with the "Certification Form for Issuance of the PREP Tax Credit Certificate" and have verified your calculations of the PREP Tax Credit. We have issued the PREP Tax Credit Certificate for the "Qualifying Employees" for the (cumulative) amount of **$$$$**. The PREP Tax Credit Certificate is attached.

The business may claim the PREP Tax Credit against its total Business Privilege Tax liability. *The tax credits may be claimed for period of five (5) years from the date the business executed the PREP Tax Credit Agreement with the City of Philadelphia – Revenue Department. Any unused credit may be carried forward for three (3) years from the date of hire of the Qualifying Employee, or the date of the contribution to the "Qualifying Exempt Organization".* The business will forfeit credits not claimed within this period.

Approval of PREP Tax Credit Certification Sample

The PREP Tax Credits must be manually processed. Upon claiming the credit, please complete the applicable columns on "Attachment A" of the tax certificate for each Qualifying Employee. Please send the original Business Privilege Tax (BPT) Return to me accompanied by the tax certificate/Attachment 'A' and a cover letter indicating the total amount of tax credits being claimed. I will have the tax return and the tax credit manually processed**. If you mail your BPT Return directly to the City's P.O. Box, the tax credit will not get processed.**

If you have any questions….

Cynthia Alvin, CPA
Tax & Revenue Conferee

PREP Tax Credit Certification Attachment A Sample

Applicant's Name:_____

Qualifying Employees			PREP	PREP	BPT Tax		Unused Credit Carry Forward Claimed			
Employee's Name	SSN No.	Date of Hire	Tax Credit Amount	Tax Credit Claimed	Year Claimed	Unused Credit	Year One	Year Two	Year Three	Expiration Date
Hired by the Business:										
		Total	_____ -							
Hired by the Qualifying Exempt Organization:										
Date of Contribution_____		Total	_____ -							
		Cummulative Total	_____ -							

Information for Individuals

Step 1: NA

Step 2: Sign agreement

- ☐ Either during PREP orientation prior to leaving prison or during R.I.S.E, or R.I.S.E approved. in-take process individual executes an Agreement with the City of Philadelphia.
- ☐ Individuals should contact R.I.S.E. at 215-683-3370 to schedule a time to go through the in-take process. R.I.S.E. has walk-in hours available Monday – Wednesday 9:00am – 12:00pm for individuals seeking services.
- ☐ Should the individual not wish to participate in PREP, he/she must sign a document indicating their understanding that should they become employed by a business or non-profit that has an Agreement with the Revenue Department or R.I.S.E., respectively, these entities will not be eligible to apply for a tax credit through PREP for employing them.
- ☐ Develop a resume, take a Test of Adult Basic Education (TABE) and complete Job Readiness Training

Step 3: NA

Step 4: Secure employment

- ☐ Apply, interview and receive offer of employment from a business or non-profit that has an Agreement with the Revenue Department or R.I.S.E., respectively.
- ☐ Verify with R.I.S.E. business or non-profit has Agreement.
- ☐ Begins work.

Step 5: NA

Employee Agreement (PREP) Sample

This Employee Agreement is made pursuant to an Ordinance establishing the Philadelphia Reentry Employment Program (P.R.E.P.) Employee agreement for Ex-offenders section 20-1703 (e). This PREP Employee Agreement ("Agreement") is made this____day of_____, 20__, by and between the City of Philadelphia ("City"), acting through the Mayor's Office of Re-Integration Services for Ex-offenders (R.I.S.E.) and _____ ("Participant").

1. The Participant agrees to participate in the package of basic education, job training and retention and support services that the city has designated for the ex-offender, 19-2604 (8)(e)(i).

2. The Participant agrees to participate in life skills and basic financial management training, as well as meet all of his/her outstanding child support and other legal obligations. 19-2604 (8)(e)(ii).

Mayor's Office (RISE) PRINT	**Employee Participant** PRINT
Mayor's Office (RISE) SIGNATURE **RISE Official**	**Employee Participant** SIGNATURE
Date:	**Date:**

I CHOOSE NOT TO PARTICIPATE IN THIS PROGRAM AS INDICATED BY MY SIGNATURE BELOW:

Employee Participant PRINT	**Date:**
Employee Participant SIGNATURE	

City of Philadelphia
LIFE • LIBERTY • AND YOU™

Charles Lawson, *Logan Square*, oil on canvas. Courtesy of Art for Justice.

This painting was featured in the Inside/Outside exhibit presented by Art in City Hall, Office of Arts, Culture and the Creative Economy in collaboration with the City of Philadelphia Mural Arts Program which ran from August 2, 2010 through October 29, 2010.

The Mayor's Office of Reintegration Services for the Ex-offender (R.I.S.E.) welcomes feedback and input related to the Philadelphia Reentry Employment Program (PREP) and this Guide.