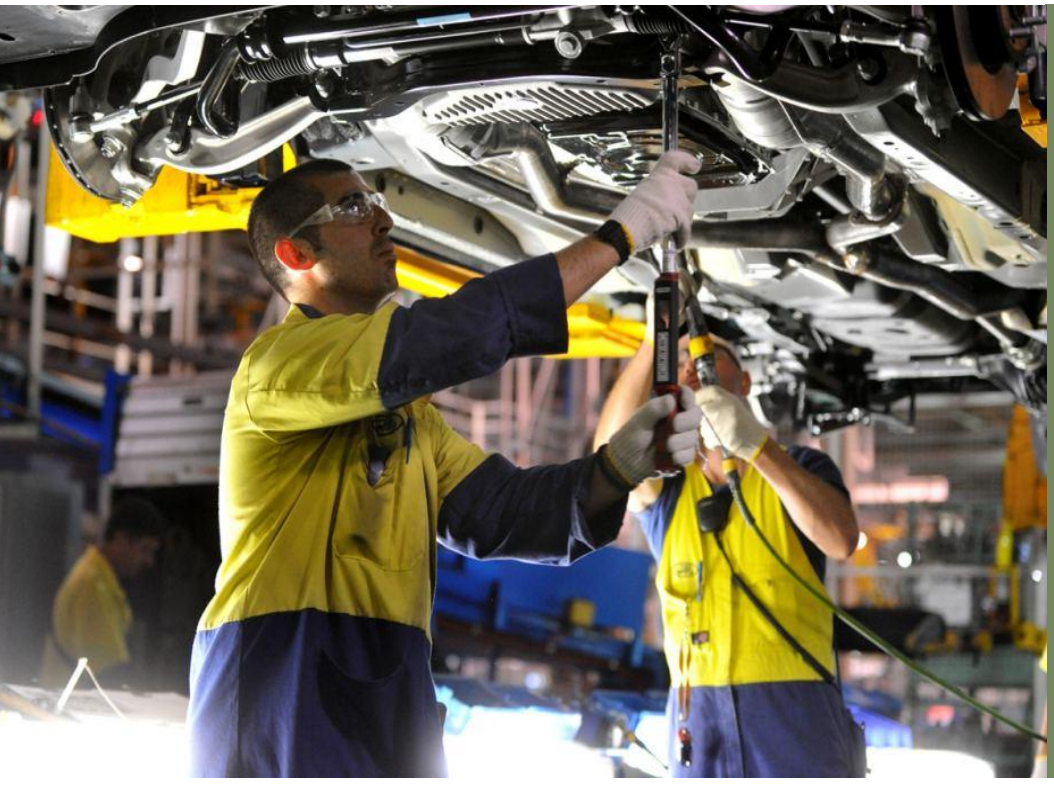
City of Philadelphia
LIFE • LIBERTY • AND YOU™

Guide

to the

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



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Why Hire a Returning Citizen?

Integrating returning citizens 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.

Returning citizens 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 (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 returning citizens (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 returning citizens 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

PREP Ordinance
Bill No. (100369)

Amending Chapter 20-1700 of The Philadelphia Code, entitled "Philadelphia Re-Entry Employment Program ("PREP") for Ex-Offenders," and amending Chapter 19-2600 of The Philadelphia Code, entitled "Business Privilege Taxes," by modifying the duties of certain City officials with respect to the PREP program; by expanding eligibility for the PREP tax credit and modifying the terms of the PREP tax credit; and by providing for the participation of certain tax-exempt organizations in the PREP program, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 20-1700 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 20-1700. PHILADELPHIA RE-ENTRY EMPLOYMENT PROGRAM ("PREP") FOR EX-OFFENDERS.

§ 20-1701. Duties of the Managing Director.

(1) The Managing Director shall coordinate the implementation of the Philadelphia Re-Entry Employment Program set forth in this Chapter.

(2) By [January 31] *July 1* of each year, the Managing Director shall submit a written annual report to the Mayor, with a copy to the President and Chief Clerk of Council, which shall include the following information for the prior calendar year:

(i) A summary and evaluation of the efforts of City agencies in carrying out the Philadelphia Re-Entry Employment Program, including a summary and evaluation of how the duties specified in this Chapter were performed.

(ii) A summary and evaluation of the efforts of City contractors and recipients of financial assistance to cooperate with the City in providing employment opportunities for ex-offenders, as required by Chapter 17-1500.

(iii) [A summary and evaluation, as prepared by the Revenue Department, of the City's experience with the PREP Tax Credit provided under § 19-2604(9), including a list of all businesses that participated, the number of Qualifying Employees certified during the year, the number of Qualifying Employees whose certification expired during the year and a summary of the reasons for such expiration; and recommendations for improvement of the program.] *The number of Qualifying Employees under §19-2604(9)(a)(ii) certified during the year, the number of Qualifying Employees whose certification expired during the year, and a summary of the reasons for such expiration, all as prepared by the Revenue Department.*

(iv) A list, as prepared by the Department of Revenue, of all businesses that participated in, and the tax expenditure associated with, the PREP tax credit program under §19-2604(9).

(v) Recommendations for improvement of the Philadelphia Re-Entry Employment Program.

§20-1702. Duties of the Personnel Director.

(2) In developing the recommendations required by subsection (1), the Personnel Director shall first develop, in cooperation with the [Mayor's Office for the Reentry of Ex-offenders, the] *the Director of R.I.S.E. (as defined in §19-2604(9)(a)(vi)), the* Philadelphia Prison System, the Department of Human Services (DHS), Community Behavioral Health (CBH), the First Judicial District of Pennsylvania, any other appropriate city, state or federal agencies, the Philadelphia Workforce Development Corporation, chambers of commerce, other business advocacy organizations throughout the City, and organizations that provide re-entry/ex-offender services, a matrix of job titles and work categories matched to ex-offender criminal offenses and work skills that can be used to help the City and other employers identify jobs appropriate for potential employees with criminal records.

§20-1703. Duties of the Commissioner of the Philadelphia Prisons System.

(1) The Commissioner of the Philadelphia Prison [System shall] *System, in concert with the Director of R.I.S.E. (as defined in §19-2604(9)(a)(vi)), shall* ensure that the Philadelphia Prisons System and R.I.S.E [carries] *carry* out the following program for each prisoner who was a Philadelphia resident and is to be released from a period of sentence in the Philadelphia Prison System:

(a) Each such prisoner shall, at least [six] *three* months prior to release, be advised of the opportunity to participate in the Philadelphia Re-Entry Employment Program set forth in §19-2604(9).

(b) Every prisoner who expresses an interest in participating [will] shall be given a pre-release assessment of his or her current education, job training level and future job prospects, physical and mental health status, and the housing and family circumstance to which he or she expects to return to in Philadelphia upon release, and based on that assessment, an individualized package of basic education, job training and retention, financial and life skill management training, and other support services will be designed to assist the prisoner in securing employment, housing or other life improvement services as soon as possible after release.

(c) A PREP Employee's Agreement will be prepared in accordance with §19-2604(9)(e).

(2) [The] *In consultation with the Commissioner of the Philadelphia Prisons [System] System, the Director of R.I.S.E (as defined in §19-2604(9)(a)(vi))* shall seek to enter into cooperative arrangements with federal, state and other non-City correctional facilities located in the Commonwealth of Pennsylvania, through which the same program set forth in subsection (1) will be provided to prisoners who were Philadelphia residents and who are to be released from a period of sentence in such facilities.

§20-1704. Duties of the Revenue Commissioner.

(1) The Revenue Commissioner shall [ensure] *make available* to all businesses holding a business privilege license in Philadelphia [are provided] information about the PREP Tax Credit [available] *provided* under §19-2604(9).

(2) The Revenue Commissioner shall also, in consultation with the Mayor's Office for the Reentry of Ex-offenders, provide to such businesses information on other federal, state and local programs available to assist in the employment of ex-offenders.]

SECTION 2. Chapter 19-2600 of The Philadelphia Code is hereby amended to read as follows:

CHAPTER 19-2600. BUSINESS PRIVILEGE TAXES.

§19-2604. Tax Rates, Credits, and Alternative Tax Computation.

(9) Philadelphia Re-Entry Employment Program for Ex-offenders ("PREP") Tax Credit.

(a) Definitions.

(i) Ex-offender. A person previously convicted of a felony, or who was incarcerated for any conviction, or who is currently on probation or parole for any conviction.

(ii) Qualifying Employee. For any given tax year, an Ex-offender is a "Qualifying Employee" of a business if he or she[:] *is either a Part-time or a Full-time Qualifying Employee, and meets all of the following criteria:*

(.1) Is employed by the business 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)* [in a full-time job for which] the average hourly rate, excluding benefits, is at least 150% of the federal minimum wage, and [who receives an] the employment package [that] 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.

(.2) Earns wages that are subject to the tax on wages imposed by Chapter 19-1500;

(.3) Was first hired by the business after it entered into a PREP Tax Credit Agreement as required by subsection (9)(c);

(.4) Was released from incarceration *in the City* no more than seven years before being hired by the [business,] *business; or from incarceration elsewhere in the Commonwealth no more than three years before being hired by the business;*

(.5) [was] *Was* a Philadelphia resident for at least one year before being incarcerated, and has been a Philadelphia resident either continuously since being released from incarceration or for at least three years before being hired;

[(.5)] (.6) Before being hired by the business, executed a PREP Employee's Agreement as required by subsection (9)(e); and

[(.6)] (.7) Has been certified by [the Revenue Department] R.I.S.E. as a Qualifying Employee in accordance with subsection (9)(d).

(iii) Qualifying Full-Time Employee. For any given tax year, an Ex-offender is a "Qualifying Full-Time Employee" of a business if he or she is employed by the business during the tax year for at least thirty-seven and one-half hours per week.

(iv) Qualifying Part-Time Employee. For any given tax year, an Ex-offender is a "Qualifying Part-time Employee" of a business if he or she is employed by the business during the tax year for at least twenty hours per week, but fewer than thirty-seven and one-half hours per week.

(v) Qualifying Exempt Organization. For any given tax year, a "Qualifying Exempt Organization" is an Organization that:

(.1) Has been certified as an organization 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) Employs a Qualifying Employee; and

(.3) Has been certified by R.I.S.E. as a Qualifying Exempt Organization in accordance with subsection (9)(f).

(vi) R.I.S.E. 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 to perform the functions assigned to R.I.S.E. by this Section.

(b) Calculation of Tax Credits.

(i) *(.1)* Beginning in tax year 2008 and for all tax years thereafter, a business shall receive a tax credit for each certified Qualifying Employee who has been employed by the business for more than six months. [The tax credit shall be in the amount of $10,000 multiplied by the percentage of the tax year that the Qualifying Employee was employed by the business.]

(.2) Beginning in tax year 2010 and for all tax years thereafter, a business shall receive a tax credit for a contribution of at least $10,000 made in a given tax year to a Qualifying Exempt Organization for each Qualifying Full-time Employee employed by the Qualifying Exempt Organization for at least six (6) months, or for a contribution of at least $5,000 made in a given tax year to a Qualifying Exempt Organization 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.

(ii) [Tax credits are available for a total of thirty-six months of employment of a Qualifying Employee, and the maximum amount of tax credits a business may receive for any one Qualifying Employee over all tax years is $30,000.] *The tax credit provided for in subsection (9)(b)(i)(.1) shall be in the amount of $10,000 multiplied by the percentage of the tax year that the Qualifying Full-time Employee was employed by the business or shall be in the amount of $5,000 multiplied by the percentage of the tax year that the Qualifying Part-time Employee was employed by the business, subject to the limits in subsection (9)(b)(iii). The tax credit provided for in subsection (9)(b)(i)(.2) shall be 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, or shall be 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, subject to the limits in subsection (9)(b)(iii). 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).

(iii) (.1) The tax credit provided for in subsections (9)(b)(i)(.1) and (9)(b)(i)(.2) is available for a total of thirty-six months of employment of a Qualifying Full-time Employee or Qualifying Part-time Employee.

(.2) The maximum amount of tax credits a business may receive for any one Qualifying Full-time Employee under subsection (9)(b)(i)(.1) over all tax years is $30,000. The maximum amount of tax credits a business may receive for any one Qualifying Part-time Employee under subsection (9)(b)(i)(.1) over all tax years is $15,000.

(.3) The maximum amount of tax credits any business may receive for making a contribution to a Qualified Exempt Organization under subsection (9)(b)(i)(.2) shall not exceed $21,000 for any one Qualifying Full-time Employee. The maximum amount of tax credits any business may receive for making a contribution to a Qualified Exempt Organization under subsection (9)(b)(i)(.2) shall not exceed $10,500 for any one Qualifying Part-time Employee.

(iv) Tax credits shall be taken against total business privilege tax liability, and *a business may claim the PREP Credit for each Qualifying Full-time or Part-time Employee or contribution to a Qualifying Exempt Organization, as approved by the City of Philadelphia, for a period not to exceed five (5) years from the date the business executes a PREP Tax Credit Agreement.* [any] *Any* unused credit may be carried forward [until used.] *for three years from the date of hire of the qualifying employee, or the date of the contribution to the exempt organization.*

[(iv)](v) A business receiving tax credits under §19-2604(7) for a given tax year shall not be eligible to receive tax credits under this subsection (9) for that same tax year[.] *for the same employee.*

(c) Eligibility; PREP Tax Credit Agreement.

(i) To be eligible to receive tax credits, a business must first execute a PREP Tax Credit Agreement with the Revenue Department that:

(.1) Details all the terms and conditions of the PREP Tax Credit as set forth in this subsection;

(.2) Sets forth the business' agreement to notify the Revenue Department within one week after any Qualifying Employee is no longer employed by the business[, which] *or by the Qualifying Exempt Organization*, which notification shall include an explanation as to why the Qualifying Employee's employment terminated;

(.3) [Sets forth the business' agreement to withhold from the wages of any Qualifying Employee and remit to the City the payments the Qualifying Employee must make to the City under subsection (9)(e)(iii); and

(.4)] Sets forth the business' [commitment to] *commitment, as required under subsection (9)(g), (A) to* maintain its operations in the City of Philadelphia for five (5) years from the date of the agreement, and the business' agreement to repay any tax credits it receives if it violates such [commitment] *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 the agreement.* [, as required by subsection (9)(e)(i).]

PREP Ordinance
Bill No. (100369) (cont.)

(d) Certification of Qualifying Employees; Maximum Number Permitted.

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

(ii) [The Revenue Department] *R.I.S.E.* shall certify all persons who meet the definition of Qualifying Employee, except:

(.1) The number of certified Qualifying Employees at any one time shall not exceed 1,000, provided that if the City administers a program that provides employers based upon their employment of ex-offenders under terms and conditions which the Revenue Commissioner finds are substantially equivalent to the terms and conditions of the PREP Tax Credit provided under this Section, then the total number of certified Qualifying Employees plus the total number of employees under such grant program shall not exceed 1,000 at any one time; and

(.2) [The Revenue Department] *R.I.S.E.* shall not certify an Ex-offender as a Qualifying Employee if it finds [that] *any of the following:*

(A) the hiring of the Ex-offender is displacing another employee of the business, and that the primary reason for such displacement is to obtain PREP tax [credits.] *credits;*

(B) the Qualified Exempt Organization to which a contribution has been made under §19-2604(9)(b)(i)(.2) would hire the Ex-offender notwithstanding receipt of the contribution.

(.3) The Revenue Department shall by regulation develop standards to insure that other employees are not unfairly displaced or impacted by the tax credits provided by this [subsection.] *subsection, and shall develop standards for the enforcement of §19-2604(9)(d)(ii)(.2)(A) & (B).*

(iii) The certification of a Qualifying Employee shall expire after such employee has been employed as a Qualifying Employee by any employer for a total of thirty-six months, or when the Qualifying Employee is no longer employed by the business, and a Qualifying Employee whose certification has expired shall no longer count against the maximum number of certified Qualifying Employees.

(e) PREP Employee's Agreement. To be a Qualifying Employee, an ex-offender must have executed an agreement with the City that sets forth:

(i) A package of basic education and job training and retention and support services that the City has designed for the ex-offender;

(ii) The ex-offender's agreement to participate in life skills and basic financial management training, as well as meet all of his or her outstanding child support and other legal obligations;

[(iii) The ex-offender's agreement to pay the City a sum equal to 5% of his or her total wages earned during any period during which a business claims tax credits based on the ex-offender's status as a Qualifying Employee, in consideration of the services provided to the ex-offender by the City and in consideration of the City's provision of tax credits to employers as an incentive to hire the ex-offender. The ex-offender shall repay the total amount due the City without interest over a three year period beginning with the expiration of the ex-offender's certification as a Qualifying Employee, and the ex-offender must agree to permit the business to withhold any payments due the City from the ex-offender's pay and remit withheld amounts directly to the City.]

(f) Certification of Qualifying Exempt Organization.

(i) 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.

(ii) An organization shall commit to notifying the Department of Revenue and the business within one week after any Qualifying Employee is no longer employed by the Qualifying Exempt Organization, which notification shall include an explanation as to why the Qualifying Employee's employment terminated.

(g) Penalties.

(i) *Business* [Failure] *failure* to maintain operations. A business which receives tax credits and 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 tax credits granted, unless the Department of Revenue determines that a business' operations were not substantially maintained because of circumstances beyond the business' control, including natural disasters, acts of terrorism, unforeseen industry trends or a loss of a major supplier or market.

(ii) Qualifying Exempt Organization failure to maintain operations. A business which receives tax credits for a contribution to a Qualifying Exempt Organization under subsection (9)(b)(i)(.2) shall be required to refund to the City of Philadelphia the total amount of tax credits granted based on that contribution if 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, unless the Department of Revenue determines that the Qualifying Exempt Organization's operations were not substantially maintained because of circumstances beyond the Qualifying Exempt Organization's control, including natural disasters, acts of terrorism, or unforeseen social or economic trends.

SECTION 3. This Ordinance shall take effect immediately.

Explanation:

[Brackets] indicate matter deleted.

Italics indicate new matter added.

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 17, 2010. The Bill was Signed by the Mayor on June 30, 2010.

Michael A. Decker

Chief Clerk of the City Council

The PREP Process

	1	2	3	4	5
Business	Complete Application	Sign Agreement	Request Employee from RISE	Hire	Request Tax Credit
Returning Citizen	Enroll with RISE Program	Complete Required Trainings	Sign PREP Agreement	Interview with Businesses	Start 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.

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.
- ☐ 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 returning citizens, 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/PREP 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 480
Philadelphia, PA 19102

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: Hire

- ☐ Contact a R.I.S.E. business service representative to provide information about current employment openings to begin the process of sourcing for applicants.
- ☐ R.I.S.E. business service representative will provide business resumes(s) and/or job applications(s) along with assisting in coordination interviews between the business and applicants(s).
- ☐ R.I.S.E. will verify the applicant has a signed PREP agreement on file.
- ☐ Applicant starts employment with PREP approved business.

Step 4: 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/PREP.
- ☐ Download application and complete in its entirety printing neatly.
- ☐ Compile all required attachments with the assistance of the R.I.S.E. prep coordinator.
- ☐ When the business is ready to claim/request the tax credits, it submits the tax certificate for the credit to be issued.

Continued on next page

Businesses (cont.)

Business Requirements

- ☐ 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.
- ☐ 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.
- ☐ 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.
- ☐ 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.

Have a question about the PREP application process please contact:

Joseph Osisek

Employer & Career Services Manager

Mayor's Office of Reintegration Services (R.I.S.E.)

Phone: (215) 683-3387

E-mail: Joseph.Osisek@phila.gov

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 returning citizens 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 a Returning Citizen who is employed full-time or part-time and certified as a Qualifying Employee by The Mayor's Office of Re-Integration Services ("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:

The Mayor's Office of Reintegration Services (R.I.S.E.)
Business Service Representative
Phone: (215) 686-3387

Mail Completed Application To:

Revenue Commissioner
City of Philadelphia
Municipal Services Building
Room 480
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 Returning Citizens 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 (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 **Jeanne Trent-Dow** at 215-686-6435 or via email at Jeanne.Trent-Dow@phila.gov or **Joseph Osisek** at 215-686-3387 or via email at Joseph.Osisek@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 Returning Citizens ("PREP") and any regulations promulgated hereunder, 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 ("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.

Continued on next page

Tax Credit Agreement (cont.)

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.

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, Room 480
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 ("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 ("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 Joseph Osisek at 215-683-3387 or via e-mail at Joseph.Osisek@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 Jeanne Trent-Dow at 215-686-6435 or via e-mail at Jeanne.Trent-Dow@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 (Jeanne Trent-Dow) or in R.I.S.E. (Joseph Osisek).

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 ("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 ("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-Technical Advisory Staff
Municipal Services Building – Room 480
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 contact:

Jeanne Trent-Dow
Tax & Revenue Conferee
City if Philadelphia Revenue Department
Technical Advisory Staff
1401 JFK Blvd., Room 480
Philadelphia, PA 19102

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	_____-							

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

This painting was featured in the Inside/Outside exhibit presented 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 (R.I.S.E.) welcomes feedback and input related to the Philadelphia Reentry Employment Program (PREP) and this Guide.