

**REQUEST FOR PROPOSALS
STREAMLINED SALES TAX PROJECT CENTRAL REGISTRATION SYSTEM
DEVELOPMENT AND HOSTING**

Key Events Dates

1. Issuance of Specifications. January 21, 2005
NOTE: THIS SPECIFICATION CONTAINS TWO LOTS. OFFERORS MAY PROPOSE OFFERINGS FOR LOT 1 (DEVELOPMENT AND MAINTENANCE ONLY), LOT 2 (HOSTING ONLY), OR BOTH LOTS

2. * Deadline for receipt of questions regarding this RFP. January 28, 2005
NOTE: THERE WILL NOT BE A PRE-PROPOSAL CONFERENCE. RESPONSES TO ALL QUESTIONS RECEIVED BY THE DEADLINE WILL BE POSTED IN WRITING ON THE STREAMLINED SALES TAX WEBSITE, www.streamlinedsalestax.org.

3. Posting of all questions received and responses to these questions February 4, 2005
NOTE: EFFORT WILL BE MADE TO POST RESPONSES BY THIS DATE. VOLUME AND COMPLEXITY OF QUESTIONS RECEIVED MAY DELAY RESPONSES. ALL QUESTIONS AND RESPONSES WILL BE POSTED ON THE STREAMLINED SALES TAX WEBSITE www.streamlinedsalestax.org.

4. Public opening and deadline for receipt of the formal Proposal: February 18, 2005
NOTE: PROPOSALS RECEIVED AFTER 5:00PM EST ON THIS DATE WILL NOT BE CONSIDERED.

5. Posting of intent to award March 4, 2005
NOTE: EFFORT WILL BE MADE TO POST AN AWARD BY THIS DATE. NUMBER AND COMPLEXITY OF PROPOSALS RECEIVED MAY DELAY THE AWARD. NOTICE OF INTENT TO AWARD WILL BE POSTED ON THE STREAMLINED SALES TAX WEBSITE, www.streamlinedsalestax.org.

* To submit questions or request additional information, e-mail your written question/request to be received no later than the date and time shown in item 2 above. **ALL QUESTIONS MUST BE SUBMITTED BY E-MAIL.**

E-MAIL QUESTIONS TO: Scott.Peterson@state.sd.us

E-MAIL ONE COPY OF PROPOSAL TO: Scott.Peterson@state.sd.us

SEND SEVEN (7) CD-ROMs, EACH CONTAINING ONE COPY OF THE COMPLETE PROPOSAL, BY MAIL OR COURIER TO:

Conforming States
c/o Federation of Tax Administrators
444 N. Capitol Street NW
Suite 348
Washington, DC 20001

NOTE: PAPER COPIES OF THE PROPOSAL WILL NOT BE ACCEPTED.

1.0 GENERAL INFORMATION AND INSTRUCTIONS TO OFFERORS

1.1 PREPARATION OF PROPOSAL

All proposals should be complete and carefully worded and must convey all the information requested by the Conforming States. If significant errors are found in the offeror's proposal, or if the proposal fails to conform to the essential requirements of the RFP, the Conforming States, and they alone, will be the judge as to whether that variance is significant enough to require them to reject the proposal.

1.2 RECEIPT OF PROPOSALS: TIMELINESS

The required number of copies of the proposal must be submitted to and received by the Conforming States no later than the date and time specified in this RFP. Offerors mailing proposals on CD-ROM should allow a sufficient mail delivery period to insure timely receipt (i.e. receipt by that date and time) of their proposals by the Conforming States. Any proposals received after the scheduled opening date and time will be immediately disqualified.

1.3 NUMBER OF PROPOSALS TO BE SUBMITTED

Each offeror must submit the proposal by e-mail as specified above. Each offeror must ALSO submit seven (7) copies of the proposal, each on a separate CD-ROM. The offeror must clearly mark on the envelope or wrapping containing the proposals the label "STREAMLINED REGISTRATION."

1.4 PROPOSALS SIGNED

A signed letter of transmittal must accompany the proposals on CD-ROM. Unsigned proposals will be rejected. However, an authorized representative present at the proposal opening may provide the needed signature, provided that the discovery is made prior to the reading of the name of the first offeror.

1.5 PUBLIC OPENING

A representative of the Conforming States will open all proposals received in response to this RFP publicly at the time and place specified in the schedule of Key Event Dates, and will list, at that time, the name of each offeror and make the list available for public inspection.

1.6 FORMAT FOR PROPOSALS

Offerors are to submit proposals in two parts:

The first part is the offeror's technical proposal. Technical Proposals are to be prepared in a manner designed to provide the Conforming States with a straightforward presentation of the offeror's capability to satisfy the requirements of this RFP. It should be contained in a single file on the CD-ROM where practical. All documentation submitted with the proposal should be in electronic form and contained on the same CD-ROM where practical. Each response shall clearly indicate whether the offeror's proposal complies or does not comply with the requirements of this RFP. Offerors shall explain in detail the method used to meet each requirement. Elaborate brochures and other promotional materials are not desired. The offeror shall not include any cost information in the Technical Proposal.

The second part is the offeror's Cost Proposal. The Cost proposal must be clearly separated from the technical proposal, in a separate file on the same CD-ROM. The offeror shall not include any technical information in the Cost Proposal.

1.7 ALTERNATE PROPOSALS

Offerors may submit more than one proposal, each of which must satisfy the requirements of this RFP in order to be considered. The alternative proposal(s) must be contained on a separate CD-ROM, must be labeled "Alternate Proposal", should address all the requirements of the RFP, or specify those portions that the alternate proposal would address, signifying that all other requirements would be accomplished as set forth in the RFP, and should include a separate cost proposal reflecting the total cost to the Conforming States for the alternate proposal.

1.8 CONFIDENTIAL INFORMATION

The Conforming States will not present, or otherwise make available, any documents relating to this procurement to any other person, agency or organization other than those evaluating proposals for purpose of award until notification of intent to award. Commercial or financial information obtained in response to this RFP which is privileged and confidential and clearly marked as such will not be disclosed. Such privileged and confidential information includes information which, if disclosed, might cause harm to the competitive position of the offeror supplying the information. All offerors, therefore, must visibly mark as "CONFIDENTIAL" each part of their proposal which they consider to contain proprietary information.

1.9 CONTACT LIMITATION

By submission of a response to this RFP, offeror agrees that during the period following issuance of the proposal and prior to the statement of intent to award, offeror shall not discuss this procurement with any party except the contact listed on the front of this RFP or other parties designated in this solicitation. Offerors shall not attempt to discuss or attempt to negotiate with the using States, any aspects of the procurement without the prior approval of the buyer responsible for the procurement.

1.10 PROPOSAL CONSTITUTES OFFER

By submitting a proposal, the offeror agrees to be governed by the terms and conditions as set forth in this document and any subsequent amendment.

1.11 COMPETITION

It is the offeror's responsibility to advise the Conforming States if any language, requirements, etc., or any combination thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source.

1.12 OFFEROR'S DUTY TO INSPECT AND ADVISE

Each offeror shall fully acquaint himself with the scope of this RFP. The failure of an offeror to acquaint himself with existing pre-contract conditions or post-contract consequences shall in no way relieve such offeror of any obligation with respect to this proposal or to any contract resulting hereof.

Offerors must notify the Conforming States of all costs reasonably expected. Offerors are notified that their failure to inspect, familiarize themselves with, or otherwise gather information as to the total cost to the Conforming States, will, in addition to any and all other remedies available, create cost difference liabilities and claims against the ultimately successful Offeror.

1.13 QUESTIONS

Every effort has been made to insure that all information needed by the offeror is included herein. If an offeror finds that it cannot complete a proposal without additional information, it may submit written questions by e-mail to the person designated herein on or before the deadline set forth in the schedule of "Key Event Dates", January 28, 2005. All questions and written replies will be distributed to all offeror via the Streamlined Sales Tax website, and will be a part of this solicitation.

1.14 AMENDMENTS

If it becomes necessary to revise any part of the RFP, the Conforming States will issue a written amendment. **THE CONFORMING STATES SHALL NOT BE LEGALLY BOUND BY ANY INTERPRETATION THAT IS NOT IN WRITING.**

1.15 OTHER WRITTEN BASIS FOR PROPOSAL

If any of the offeror's proposal has as its basis written statements (other than the RFP) provided to him by the Conforming States (such as notification of a change in the specifications), the offeror is to identify and include those statements in his proposal at the place or places applicable.

1.16 NOTICE AND POSTING OF AWARD

Notice of Award or Intent to Award will be posted at the Streamlined Sales Tax website, <http://www.streamlinedsalestax.org>. Effort will be made to post the award by the date given on the front of the RFP, March 4, 2005. However, situations arising during the evaluation of proposals, such as the need for clarification from one or more offerors, may delay this posting. The Conforming States reserve the right to make no award resulting from this RFP, if the Conforming States determine that it is not in their best interest to make an award.

1.17 RIGHT TO PROTEST

Any prospective bidder, offeror, contractor, or subcontractor who is aggrieved in connection with the solicitation of a contract shall protest to the Conforming States within ten days of the date of issuance of the Request for Proposals or other solicitation documents whichever is applicable or any amendment thereto, if the Request for Proposal, other solicitation document or amendment is at issue. Any actual bidder, offeror, contractor, or subcontractor who is aggrieved in connection with the intended award or award of a contract shall protest to the Conforming States within ten days of the date the notification of award or intent to award is posted.

Any protest must be submitted in writing to:

Conforming States
C/o Federation of Tax Administrators
444 N. Capitol Street NW
Suite 348
Washington, DC 20001

The words "PROTEST REGARDING STREAMLINED REGISTRATION RFP" must be clearly marked on the envelope or wrapping. The text of the protest must set forth the grounds of the protest and the relief requested with enough particularity to give notice of the issues to be decided.

1.18. STREAMLINED SALES TAX GOVERNING BOARD

The words "Conforming States" mean the Conforming States Committee created by the Streamlined Sales and Use Tax Implementing States organization. Upon the effective date of the Streamlined Sales and Use Tax Agreement, the Conforming States shall assign all right, title and interest in a contract entered into pursuant to this RFP to the Streamlined Sales Tax Governing Board.

2.0 CONTRACTUAL OBLIGATIONS

2.1 THE CONTRACT DOCUMENT

Any contract resulting from this solicitation shall consist of the following documents which are listed in order of precedence: (1) any amendment required to resolve any difference between the remaining documents, (2) any amendments to the original solicitation in reverse order of issuance, (3) the solicitation as issued by the Conforming States, (4) any amendments to the successful vendor's proposal accepted by the Conforming States, (5) the successful vendor's proposal.

2.2 PURCHASING LIABILITY

The Conforming States are acting under the authority given to them by the Streamlined Sales Tax Implementing States to procure contracts on their behalf. The Federation of Tax Administrators (FTA) is acting under the authority given to it through a Memorandum of

Understanding entered into with the Conforming States. The resulting contract is between the Federation of Tax Administrators and the successful vendor or offeror.

2.2.1 DUTIES OF FTA

FTA's duties will be limited to executing contracts as directed by and on behalf of the Conforming States and disbursing Conforming States funds as required under those contracts as directed by and on behalf of the Conforming States. All other activities related to the procurement of a central registration system(s) as required by the Agreement – including, but not limited to, the consideration of proposals, testing of systems, selection of bidders and dispute resolution – remain the responsibility of the Conforming States. FTA will be acting solely as an agent for its principal, the Conforming States, and will bear no liability for any damages that any party may incur in the execution or enforcement of any contract.

2.3 PATENT AND COPYRIGHT LIABILITY

If notified promptly in writing by the Conforming States of any action (and all prior claims relating to such action) brought against the Conforming States, based on a claim that the Conforming States' use of the services or products offered, including software, infringes a United States patent or copyright, the contractor will defend such action at its expense and will pay the costs and damages awarded in any such action, provided that the contractor shall have sole control of the defense of any such action and all negotiations for its settlement or compromise. The Conforming States shall give the contractor prompt written notice of such claim and full right and opportunity to conduct the defense thereof, together with full information and reasonable cooperation. No cost or expenses shall be incurred for the account of the contractor without its written consent. If principles of government or public law are involved, the Conforming States may participate in the defense of any action. If, in the opinion of the contractor, the products furnished hereunder are likely to, or do become, the subject of a claim of infringement of a United States patent or copyright, then, without diminishing its obligation to satisfy a final award, the contractor may, at its option and expense, (a) obtain the right for the Conforming States to continue to use such goods; or (b) substitute for the alleged infringing products other equally suitable products that are satisfactory to the Conforming States; or (c) take back such products; provided however, that the contractor will not exercise option (c) until the contractor and the Conforming States have evaluated options (a) and (b). In such event, contractor will reimburse the Conforming States for the purchase price of any goods or services removed pursuant to option (c).

2.4 OWNERSHIP OF DATA

All data and other records entered into any database of the Conforming States or supplied to the contractor by the Conforming States, or supplied by the public with intent to provide such data to the Conforming States are, and shall remain, the sole property of the Conforming States. Contractor shall not: copy or use such records without the Conforming States' written consent except to carry out contracted work as described in this RFP, or transfer such records to any other party not involved in the performance of this Contract; and will return submitted records to the Conforming States upon completion of the work hereunder. If contractor is a Certified Service Provider under the Streamlined Agreement, then contractor may not use any such data or records to market or promote their services as a Certified Service Provider or in any manner that would provide contractor with a competitive advantage over other Certified Service Providers.

2.5 FORCE MAJEURE

Contractor shall not be liable for any damages resulting from any delay in delivery, or failure to give notice of delay, which directly or indirectly results from the elements, acts of God, delays in transportation, or delays in delivery by any cause beyond the reasonable control of the contractor. The delivery schedule shall be extended by a period of time equal to the time lost because of such delay.

2.6 TAXES

Prices are to be exclusive of all sales, use, and like taxes. Any tax contractor may be required to collect or pay upon the sale, use or delivery of the products shall be paid by the Conforming

States, and such sums shall be due and payable to the contractor upon acceptance. Any personal property taxes levied after delivery shall be paid by the Conforming States. It shall be solely the Conforming States' obligation, after payment to contractor, to challenge the applicability of any tax by negotiation with, or action against, the taxing authority. Contractor agrees to refund any tax collected which is subsequently determined not to be proper and for which a refund has been paid to contractor by the taxing authority.

In the event that the contractor fails to pay, or delays in paying, to any taxing authorities, sums paid by the Conforming States to contractor, contractor shall be liable to the Conforming States for any loss (such as the assessment of additional interest) caused by virtue of this failure or delay.

Taxes based on the contractor's net income or assets shall be the sole responsibility of the contractor.

2.7 WAIVERS

No waiver of right, obligation, or default shall be implied, but must be in writing, signed by the party against whom the waiver is sought to be enforced. One or more waivers of any right, obligation, or default shall not be construed to waive any subsequent right, obligation, or default.

2.8 GOVERNING LAW

This contract will be governed by the laws of the District of Columbia.

2.9 SEVERABILITY

In the event any provision of this contract is held to be invalid or unenforceable, the remaining provisions of this contract will remain in full force.

2.10 UNIFORM COMMERCIAL CODE

The applicable provisions of the Uniform Commercial Code shall govern this contract.

2.11 RECORDS RETENTION & RIGHT TO AUDIT

The Conforming States shall have the right to audit the books and records of the contractor as they pertain to this contract. Such books and records shall be maintained for a period of three (3) years from the date of final payment under the contract or the termination of contract, whichever is later.

The Conforming States may conduct, or have conducted, performance audits of the contractor. The Conforming States may conduct, or have conducted, audits of specific requirements of this RFP (i.e., application development cost), as determined necessary by the Conforming States.

Pertaining to all audits, contractor shall make available to the Conforming States access to its computer files containing the history of contract performance and all other documents related to the audit. Additionally, any software used by the contractor shall be made available for auditing purposes at no cost to the Conforming States.

2.12 APPROVAL OF PUBLICITY RELEASES

The contractor shall not have the right to include the Conforming States, or any reference to Streamlined Sales Tax, in its published list of customers, without the prior approval of the Conforming States. With regard to news releases, only the name "the Conforming States" and the type and duration of contract may be used, and then only with prior approval of the Conforming States. If the contractor is a Certified Service Provider under the Streamlined Agreement, then the contractor may not advertise either the development or the hosting of the Streamlined Registration System. The contractor agrees not to publish or cite in any form any comments or quotes from any of the member States' agency staff. The contractor further agrees not to refer to the award of this contract in commercial advertising in such a manner as to state or imply that the products or services provided are endorsed or preferred by the Conforming States.

2.13 AFFIRMATIVE ACTION

Contractor shall comply with all federal and state requirements concerning fair employment and employment of the handicapped, and concerning the treatment of all employees, without regard to, or discrimination by reason of, race, color, religion, sex, national origin, or physical handicap.

2.14 LATENT DEFECTS

Contractor warrants that upon notification by the Conforming States, of a latent defect in design, material or workmanship, or a latent nonconformity of the services, material, or equipment to the specifications, which would have constituted a basis for rejection if discovered prior to acceptance, it will repair or replace or otherwise correct the defect to the level of performance specified in this RFP.

2.15 INDEMNIFICATION

The Conforming States, their officers, agents, and employees shall be held harmless from liability from any claims, damages, and actions of any nature arising from the use of any materials furnished by the contractor, provided that such liability is not attributable to negligence on the part of the using agency or failure of the using agency to use the materials in the manner outlined by the contractor in descriptive literature or specifications submitted with the contractor's proposal.

2.16 LIABILITY FOR DAMAGES

The Conforming States will not be liable for any damages to the contractor resulting from loss of data or use, lost profits, or any incidental or consequential damages unless said damages are the result of the Conforming States' gross negligence or willful misconduct.

Contractor will be liable for damages resulting from personal injury or property damage caused by contractor's negligence or intentional harm.

2.17 COMPLIANCE WITH STATUTES

During the term of the contract, it shall be the contractor's responsibility to ensure compliance with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs.

2.18 INSURANCE

Contractor shall maintain, throughout the performance of its obligations under this contract, a policy or policies of Worker's Compensation insurance with such limits as may be required by law, and a policy or policies of general liability insurance insuring against liability for injury to, and death of, persons, and damage to, and destruction of, property arising out of, or based upon, any act or omission of the contractor or any of its subcontractors or their respective officers, directors, employees or agents. Such general liability insurance shall have limits sufficient to cover any loss or potential loss resulting from this contract.

2.19 LICENSES AND PERMITS

During the term of the contract, the contractor shall be responsible for obtaining, and maintaining in good standing, all licenses (including professional licenses, if any), permits, inspections and related fees for each or any such licenses, permits and /or inspections required by any applicable state, county, city or other government entity or unit to accomplish the work specified in this solicitation and the contract.

2.20 RISK OF LOSS

The contractor shall assume all risk of loss, and shall maintain insurance coverage on all items installed, up to the time of final acceptance.

2.21 CONTRACTOR SOLELY RESPONSIBLE FOR PERFORMANCE

The Conforming States will rely upon the contractor for full, complete, and satisfactory performance under the terms and conditions of this agreement.

If the contractor's services provided for hereunder include services, equipment, or materials supplied by a subcontractor, the contractor must act as the prime contractor for these items and assume full responsibility for performance hereunder. The contractor will be considered the sole

point of contact with regard to all situations, including payment of all charges and the meeting of all other requirements.

2.22 NON INTERFERENCE

In the event contractor is unable for any reason to provide any material, services, supplies, products or other items of any type or variety to the Conforming States under this agreement, including but not limited to any such materials, services, supplies, etc. available from any other party (such as subcontractors) supplying said materials, services, etc. to contractor, the Conforming States will have the right to deal directly with the other supplier without penalty or interference from contractor.

2.23 SUBCONTRACTORS

Subcontractors are subject to the same terms and conditions of this contract as the contractor.

2.24 ASSIGNMENT

No contract or its provisions may be assigned, sublet, or transferred without the written consent of the Conforming States.

2.25 ITEM SUBSTITUTION

No substitutes will be allowed on purchase orders received from the Conforming States without permission of the Conforming States.

2.26 CONTRACT AMENDMENTS, MODIFICATIONS & CHANGE ORDERS

Any change orders, alterations, amendments or other modifications hereunder shall not be effective unless reduced to writing and approved by the Conforming States responsible for this solicitation and the contractor. All questions, problems, or changes arising after award of this contract shall be directed to Scott.Peterson@state.sd.us.

2.27 COST SECTION CERTIFICATION

I hereby certify that the price included in this proposal is accurate and binding and that all costs are shown and accurately reflect my total proposal cost.

2.28 YEAR 2000 WARRANTY

Contractor represents and warrants that the products are designed to be used prior to, during, and after the calendar year 2000 A.D., and that the products will operate during each such time period without error relating to date data, specifically including any error relating to, or the product of, date data which represents or references different centuries or more than one century.

2.29 TERM CONTRACTS

2.29.1 Type of Contract

Any term contract or contracts will be awarded by the Conforming States for the period indicated and in accordance with the provisions and conditions of this solicitation.

2.29.2 Volume

The total volume of transactions to be generated by the Streamlined Registration System is not known. The Conforming States do not guarantee that any specific total number of sellers will utilize the Streamlined Registration System over any period of time. The omission of an estimated purchase quantity does not indicate a lack of need but rather a lack of historical information.

2.29.3 Term of Contract/Option to Renew

The initial term of this contract is one (1) year from the effective date as stated on the award document. Unless terminated by either party at the end of the initial term, at the end of successive "contract" terms, or as otherwise allowed within this document (see termination clause), the contract will automatically extend at the prices, terms and conditions approved by the Conforming States. Said extensions may be less than, but will not exceed, four (4) additional, one-year periods.

2.29.4 Prices

Prices under this contract are “not to exceed” prices. The Conforming States are not authorized to pay more than the stated price. Contractors may offer, and the Conforming State may accept prices below those listed on the contract.

2.29.5 Price Adjustment

Any request for price increase must be submitted to the Conforming States at least ninety (90) days prior to the requested date for the increase. Price increases will only become effective if agreed to, in writing, by the Conforming States.

2.30 Termination by Conforming States

2.30.1 Notice of Termination

In the event of any termination of the contract, the Conforming States shall give notice of such termination in writing to the contractor. Notice of termination will be sent by certified mail, return receipt requested.

2.30.2 Termination for Non-Appropriations

Funds for this contract are payable from funds made available to the Conforming States. In the event no funds or insufficient funds are provided and budgeted in any fiscal year for payments due under this contract, the Conforming States shall immediately notify contractor or its assignee, of such occurrence, and this contract shall create no further obligation of the Conforming States as to such current or succeeding fiscal year, and shall be null and void, except as to the portions of payments herein agreed upon for funds which shall have been appropriated and budgeted. In such event, this contract shall terminate on the last day of the year for which appropriations were received without penalty or expense to the Conforming States of any kind whatsoever. After such termination of this contract, the Conforming States shall have no continuing obligation to make purchases under this contract. No right of action or damages shall accrue to the benefit of the contractor or its assignee as to that portion of this contract, which may so terminate.

2.30.3 Insolvency

This contract is voidable and subject to immediate termination by the Conforming States upon the contractor’s insolvency, including the filing of proceedings in bankruptcy.

2.30.4 Termination for Convenience

This contract may be terminated for any reason by the Conforming States providing a 90 day advance notice, in writing, is given to the contractor. In the event that this contract is terminated or canceled upon request and for the convenience of the Conforming States without ninety (90) days advance written notice, then the Conforming States shall negotiate reasonable termination costs, if applicable.

2.30.5 Termination for Cause

This contract may be canceled and terminated by the Conforming States at any time within the contract period whenever it is determined by the Conforming States that the contractor has materially breached or otherwise materially failed to comply with its obligations hereunder. The Conforming States will not be liable for any termination costs; the ninety (90) days advance notice requirement is waived.

2.30.6 Contract Violation

A contractor who violates this contract will be considered in breach and subject to cancellation for cause. The contractor may be suspended or debarred from doing business with the Conforming States. Examples of a contractor’s violations include, but are not limited to:

- Contractor adding items to the contract without approval,
- Contractor increasing contract price without approval,
- Misrepresentation of the contract to any using governmental entity.

2.30.7 Orderly Transfer of Materials

Upon termination of the contract for any reason, the Conforming States shall have the right, upon demand, to obtain access to, and possession of, all Conforming States’ properties, including, but not

limited to, current copies of all Conforming States' application programs and necessary documentation, all files, intermediate materials and supplies held by the contractor.

2.30.8 Termination by Contractor

Requests for termination of this contract by the contractor must be received in writing by the Conforming States at least ninety (90) days before the requested contract termination date. Requests for termination must be sent to:

Conforming States
c/o Federation of Tax Administrators
444 N. Capitol Street NE
Suite 348
Washington, DC 20001

2.31 SOFTWARE LICENSES

2.31.1 PROPRIETARY SOFTWARE

Proprietary software is non-custom written, non-made for hire computer software supplied by the contractor and documentation used to describe, maintain and use the software. Examples of proprietary software include operating systems, compilers, and software developed independently by the contractor for commercial use prior to the start of this contract.

2.31.2 License

The Conforming States are hereby granted a non-exclusive, fully paid perpetual license to use the proprietary software acquired hereunder.

2.31.3 Title

Title to any proprietary software provided by the contractor to the Conforming States will remain with the contractor.

2.31.4 Trade Secrets

The Conforming States agree that the proprietary software is a trade secret of the developer or contractor. The Conforming States agree to take reasonable precautions to protect the trade secret nature of the proprietary software and to prevent its disclosure to unauthorized personnel. The license herein granted cannot be transferred, assigned, or made available by the Conforming States for use by any other individual, firm, partnership, or legal entity not affiliated, associated, or connected with the Conforming States without the prior expressed written consent of the contractor, which consent will not be unreasonably withheld. Such transfer shall also be conditioned upon the execution by the transferee of a written declaration agreeing to be bound by the terms and conditions of confidentiality provided for in this section.

2.31.5 Source Code

Source code includes files used by assembly, basic, c or other language compilers or interpreters to produce object modules for linkage into applications programs. The source code media will contain source code, files for compiling and linking software, and any other files and documentation available in machine-readable form to facilitate compiling and linking the code.

In the event the contractor, at any point during the continued installation and operation of the products acquired under this contract, discontinues the conduct of business, or for any reason fails to continue to support its proprietary software, it will either make provision for the continued support under the same terms and conditions or provide the Conforming States with a copy of the source code for said proprietary software, at no expense to the Conforming States.

2.31.6 Export Control

The Conforming States acknowledge that the products acquired hereunder may be licensable by the United States Government. It further acknowledges that a valid export license must be obtained from the Department of Commerce prior to export of said products.

2.31.7 CUSTOMIZED SOFTWARE

Customized software is made-for-hire, custom written and customer specific software or customizations to proprietary software developed for the Conforming States by contractor and documentation used to describe, maintain and use the software.

2.31.8 Title

Title to the customized software vests in the Conforming States as set forth herein. Contractor shall thereafter have no right, title or interest in any customized software. As herein used, title includes providing to the State all intellectual elements of the customized software including, but not limited to, developmental work product, notes, object and source codes, documentation, and any other items which would aid the Conforming States in understanding, using, maintaining, and enhancing said customized software.

2.31.9 Software Tools

The contractor shall provide to the Conforming States, simultaneous with its initial installation, and any subsequent enhancements, upgrades, fixes, etc., software tools (including, but not limited to compilers, editors, etc.) that the Conforming States or their designees would require to maintain or enhance the customized software. The price for said tools and the cost to train Conforming States personnel to maintain and/or to enhance the customized software shall be noted separately and included in the contractor's cost proposal submitted to the Conforming States in response to the Conforming States' solicitation.

2.31.10 Escrow for Source Code

In the event the contractor at any point during the continued installation and operation of the software herein acquired discontinues the conduct of business or for any other reason fails to continue to support the software, the Conforming States shall be provided a copy of the source code for said software within thirty days at no expense to the Conforming States.

For the effective term of this contract, contractor will provide, to a mutually agreed upon escrow agent, the most recent version of the source code on magnetic or optical media.

Proprietary source code shall be deposited into the escrow account within fifteen (15) days of the initiation of the contract, or any major update, non-customized enhancement, version or release of said licensed software.

The source code may be accessed only upon the following conditions:

- a. Contractor refuses to provide software maintenance, bug fixes, upgrades, updates and/or enhancement services under the terms set forth in this contract or as generally provided similarly situated customers; or
- b. Contractor ceases to do business or exist as a valid business entity, as evidenced by an adjudication of bankruptcy or other definitive measure of cessation of operations.

With regards to proprietary software, the Conforming States may not sell, assign, lease, or otherwise provide said source code(s) to any other person or entity, regardless of modification, without the express written consent of the contractor, its successors, and assigns.

2.32 SUBMITTING CONFIDENTIAL INFORMATION

INSTRUCTIONS: In determining whether to release documents, the Conforming States will detrimentally rely on Offeror's marking of documents, as required by these bidding instructions, as

being either "CONFIDENTIAL" or "TRADE SECRET". For every document Offeror submits in response to or with regard to this solicitation, Offeror must separately mark with the word 'CONFIDENTIAL' every page, or portion thereof, that Offeror contends contains information that is exempt from public disclosure because it is either (a) a trade secret, or (b) privileged and confidential. For every document Offeror submits in response to or with regard to this solicitation, Offeror must separately mark with the words "TRADE SECRET" every page or portion thereof, that Offeror contends contains a trade secret. All markings must be conspicuous; use color, bold, underlining, or some other method in order to conspicuously distinguish the mark from the other text. If a portion of a bid or proposal is improperly marked as confidential or trade secret, the Conforming States may, in its sole discretion, determine it non-responsive. If only portions of a page are protected, do not mark the entire page.

CONSENT TO RELEASE: By submitting a bid or proposal, Offeror (1) consents to the release of documents unless Offeror conspicuously states otherwise on the cover of its bid or proposal, (2) agrees to the public disclosure of any documents regarding this solicitation submitted at any time prior to entering into a contract (including, but not limited to, documents contained in a bid or proposal, documents submitted to clarify either a bid or proposal, and documents submitted during negotiations), unless the document is conspicuously marked "TRADE SECRET" or "CONFIDENTIAL", (3) agrees that any information not marked, as required by these bidding instructions as a "TRADE SECRET" is not a trade secret as defined by the Trade Secrets Act, and (4) that, notwithstanding any claims or markings otherwise, any prices used to determine the award are subject to public disclosure. By submitting a bid or proposal, Offeror agrees to defend, indemnify and hold harmless the Conforming States from every claim, demand, loss, expense, cost, damage or injury, including attorney's fees, arising out of or resulting from the Conforming States withholding information that Offeror marked as "CONFIDENTIAL" or "TRADE SECRET."

3.0 EVALUATION CRITERIA

The Conforming States will evaluate all proposals according to the following criteria. Award will be made to the offeror who best satisfies all three criteria.

3.1 TECHNICAL MERIT

The degree to which the offeror's proposal satisfies the requirements of this RFP; the adequacy and appropriateness of the technologies utilized; the quality of the performance of the offeror in satisfying the requirements of the RFP.

3.2 COST PROPOSAL

The overall value of the offeror's proposal to the Conforming States. This is the evaluation of the total value of the quality of goods and services received for the cost proposed, and may not be the lowest cost proposal received.

3.3 VENDOR QUALIFICATIONS

This is the ability of the offeror to perform the services required by this RFP and to sustain a relationship with the Conforming States as required by this RFP, based on factors including, but not limited to, offeror's financial stability, length of time in business, and previous performance as indicated by references.

4.0 SPECIFICATIONS

4.1 BACKGROUND AND BUSINESS NEED

The Streamlined Sales Tax Project is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. The Project's proposals include tax law simplifications, more efficient administrative procedures, and emerging technologies to substantially reduce the burden of tax collection. The Project's proposals are focused on improving sales and use tax administration systems for both Main Street and remote sellers for all types of commerce.

Forty-two states and the District of Columbia are involved in the Project. Forty-five states and the District of Columbia impose a sales and use tax. The Project was organized in March 2000. The Project is conducting its work through a steering committee with co-chairs, and a number of work groups. Project participants are generally state revenue department administrators but there are also representatives of state legislatures and local governments. Businesses, including national retailers, trade associations, manufacturers, direct marketers, telecommunications companies, leasing companies, technology companies, printers, accounting firms, and others have actively participated in the Project by offering expertise and input, reviewing proposals, suggesting language, and testifying at public hearings.

The goal of the Streamlined Sales Tax Project is to provide states with a Streamlined Sales Tax System that includes the following key features:

- Uniform definitions within tax laws;
- Rate simplification;
- State level tax administration of all state and local sales and use taxes;
- Uniform sourcing rules;
- Simplified exemption administration for use- and entity-based exemptions;
- Uniform audit procedures;
- State funding of the system.

The Streamlined Sales Tax Agreement contains a requirement for a central online registration system. The Agreement places restrictions on what a state can require from taxpayers that register for Streamlined Sales Tax in order to file and pay taxes. The Agreement provides for a central online registration that is uniform. Throughout the Agreement the word 'registration' is used as defined in "Section 211: Registered Under This Agreement registration by a seller with the member states under the central registration system provided in Article IV of this Agreement." The text of the Agreement, as well as a white paper giving proposed regulations governing Registration under the Agreement, can be found on the Streamlined Sales Tax website, www.streamlinedsalestax.org.

Who has to use the Streamlined online registration application?

- Any model 1 or 2 seller who wants to take advantage of monetary allowances as described in the Agreement, Sections 601 or 602.
- Any model 3 or all other sellers who are voluntary and want to take advantage of monetary allowances as described in the Agreement, Sections 603.
- Any seller who wants to take advantage of amnesty as described in the Agreement, Section 402A1.
- A seller who wants to volunteer to collect tax in any member state and is not already registered in all the member states to ensure they are collecting in all member states as described in the Agreement, Section 401B.
- Any seller using a technology model (models 1, 2, and voluntary 3's) to inform the states of their intent as described in the Agreement, Section 403.

Who can use the Streamlined online registration application?

Any seller who chooses to may access the central online registration system. They will use the system for new registrations, changes to registration or to inform the states of their technology model.

Benefits

- Sellers obtain one unique identifying number that would be used across member states.
- Sellers gain the ability to update registration data across member states.
- The combination of a unique 9 digit alpha/numeric characters would be consistent with existing field sizes for FEIN or SSN.

The Streamlined Registration System will be owned and operated by the Governing Board of the Streamlined Sales Tax, which will assume governance upon implementation of the Agreement.

4.2 LOT 1 – DEVELOPMENT OF STREAMLINED REGISTRATION SOFTWARE**4.2.1 TECHNICAL SPECIFICATIONS****4.2.1.1 DELIVERABLE COMPONENTS**

Deliverable components of this RFP include:

- a) A web-based system by which a Seller may enter registration information for Streamlined Sales Tax, by which a unique Streamlined Identification is assigned, and by which that information is stored and subsequently distributed to all participating States in an established XML format. Design, look and feel of the User Interface must be approved by the Conforming States.**
- b) A relational database for the permanent and centralized repository of this registration data.**
- c) An inquiry method by which a participating state, the Governing Board, or an approved Help Desk acting on behalf of the Conforming States may query the database by Streamlined Identification Number, by Taxpayer Identification Number, or by name.**
- d) Monthly or on demand reports/queries showing usage statistics, including the number of sellers attempting to use the Streamlined Registration System, the number of sellers successfully registered by the Streamlined Registration System, and the number of information change transactions processed by the Streamlined Registration System.**
- e) Optional Enhancement: At some later point, it will be desirable for the Streamlined Registration System to, at the seller's option, transfer control after the successful conclusion of the transaction to a web-based non-Streamlined (traditional) registration system currently under development. The Streamlined Registration System would pass the data received from the seller in XML format to the non-Streamlined registration system and pass control to that system.**

4.2.1.2 All deliverables must conform to the technical design specifications included as Appendix A of this RFP, and to the XML schema set posted on the Streamlined Sales Tax website, www.streamlinedsalestax.org.

4.2.1.3 The software will be developed in the Microsoft .Net environment or in a J2EE environment. Offeror must justify the choice of development environment.

4.2.2 DEVELOPMENT ENVIRONMENT

4.2.2.1 All work must be done at offeror's location and utilizing hardware and software provided by offeror, unless explicitly agreed to by the Conforming States.

4.2.2.2 Offeror will use all reasonable care to protect the integrity of the software during development. Use of a version and library control tool such as Microsoft Visual Source Safe is desired. Offeror will describe the development environment to be used.

4.2.3 PROJECT MANAGEMENT

4.2.3.1 Offeror will follow an established Project Management methodology conforming to practices of the Project Management Institute. Offeror will describe the methodology to be used.

4.2.3.2 Within one week of award, Offeror will provide the Conforming States with a written Project Plan for the development of the Streamline Registration System software. This Project Plan will include at minimum the Project Charter, a work breakdown structure showing all proposed milestones and deliverables, and a listing of all project issues and risks.

4.2.3.3 Offeror will provide weekly status reports to the Conforming States during the development effort. These reports will be submitted by close of business each Monday and will reflect status against the Project Plan as of close of business the previous Friday. Any falsification of these status reports or failure to inform the Conforming States of issues impacting the deliverables or timeframe of the project will result in cancellation of the contract.

4.2.4 TESTING

4.2.4.1 The Conforming States will provide test data for contractor to use during development and unit testing.

4.2.4.2 Conforming States will play an active role during system testing, including roles as both sellers and States to verify correct operation of the system. Certain taxpayers and/or Certified Service Providers may also be allowed to participate in the testing of the application and this must be allowed by the offeror.

4.2.4.3 Offeror must be ready to test with the Conforming States by June 1, 2005.

4.2.4.4 Before acceptance of the system, contractor must successfully demonstrate the entry, storage, and query of data from multiple sellers, and the distribution of that data in correct XML format to at least two states via “push” (web services) method and at least two states by “pull” (http/s download) method.

4.2.5 IMPLEMENTATION, ONGOING MAINTENANCE AND SUPPORT

4.2.5.1 Contractor must work with the hosting party to ensure successful implementation of the system. This includes transferal of source and executable code, as well as verification of correct functionality. System must be fully operational by July 31, 2005.

4.2.5.2 Contractor must respond to all reports of system defects for the duration of the contract (up to five years). All “severity one” problems (system not functioning, no workaround) must be corrected within 48 hours; all “severity two” problems (system not functioning, workaround available) must be corrected within five business days; all “severity three” problems (not impacting basic functionality) must be corrected within ten business days.

4.2.5.3 Contractor must make any modifications necessary for the duration of the contract (up to five years) to ensure that the system is compatible with current and supported versions and releases of the relevant operating system and other system software.

4.2.5.4 From time to time, changes in legislation or in the Streamlined Sales Tax Agreement may necessitate changes in the Streamlined Registration System. Contractor will make any and all such changes for the duration of the contract (up to five years) on a time and materials basis. When provided the specifications of the change required, Contractor must provide an estimate of work effort and cost for the change, within five (5) business days.

4.2.5.5 The initial implementation includes the Conforming States as of June 30, 2005, however during the term of this contract additional states may become Conforming States. The offeror will develop a process for allowing new states to begin using the Streamlined Registration System. This process will include, but is not limited to, testing transmission methods with the new state, specific data and application testing by the state and any other processes as are necessary to ensure the successful integration of a new Conforming State into the Streamlined Registration System.

4.3 LOT 2 – HOSTING OF STREAMLINED SALES TAX PROJECT CENTRAL REGISTRATION SYSTEM

- 4.3.1 **SPECIFICATION OF SERVICES REQUIRED**
- 4.3.1.1 Contractor will host the Streamlined Registration System, including application software and repository database, and make the application available on a publicly accessible website. Website must be accessible directly through an appropriately named URL to be selected and reserved by the Conforming States, and also by hyperlink from the Streamlined Sales Tax website.
- 4.3.1.2 Contractor must provide a copy of the repository database in downloadable format for download from the website by participating states. This downloadable copy must be refreshed daily to include new registrations.
- 4.3.1.3 Contractor must provide the infrastructure for dissemination of registration data to the states by both “push” (web service) and “pull” (http/s download) methods, as described in the technical specifications in Appendix A.
- 4.3.1.4 Contractor must provide assistance to new states joining the Conforming States, including update of software to include the new state, and assistance in testing communications and dissemination of registration data to each new state.
- 4.3.1.5 Optionally, contractor must provide Help Desk services to users of the Streamlined Registration System. This includes the ability to report technical difficulties with the system either by e-mail or by telephone, and assistance with application functionality. Help Desk services do NOT include the provision of information concerning either the Streamlined Sales Tax Agreement or the sales tax law or regulations of any participating states.

- 4.3.2 **AVAILABILITY**
- 4.3.2.1 The Streamlined Registration System must be made available on a 24/7 basis, with no more than two hours down time per month, including both planned and unplanned outage. Offeror must state how that availability is to be provided, including all measures such as mirrored servers. Offeror must show the ability to report availability to the Conforming States on a monthly basis, and must indicate how availability is to be verified.
- 4.3.2.2 The volume of Streamlined Registration System use is unknown at this time, but may include hundreds of thousands of registrations over time. Offeror must state the volume of transactions per minute that offeror proposes to support. Offeror must show the ability to report transaction volume to the Conforming States on a monthly basis.
- 4.3.2.3 Optional Function: Help Desk services if procured must be available at a minimum from 8:00am to 8:00pm Eastern Time (8:00am through 5:00pm Pacific Time). Offeror may propose extended hours beyond those required.

- 4.3.3 **SECURITY**
- 4.3.3.1 Contractor must take rigorous provisions to prevent unauthorized alteration or damage to the Streamlined Registration System application and database. Offeror must describe in detail all measures to be taken, including the use of firewalls, monitoring for intrusion detection, etc. (NOTE: this information will be kept confidential.)
- 4.3.3.2 Contractor must provide and successfully test backup and recovery capabilities for both the application software and the repository database. Contractor must describe this functionality, and the frequency of backup; the repository database must be backed up at minimum by daily incremental backup.
- 4.3.3.3 OFFEROR must describe provisions for disaster recovery, including secure offsite storage of application software and database backups, and timeframe for resumption of service.

5.0 **FORMAT FOR PROPOSAL IN RESPONSE TO THIS RFP**

5.1 **FORMAT REQUIRED**

All proposals must follow the format described below. Failure to follow this format or to include required information will result in disqualification of the proposal. Promotional materials, such as sales brochures and technical manuals, are not required. Such materials may be included at offeror's discretion, but they will not be utilized in the evaluation of the proposal.

5.2 EXECUTIVE SUMMARY

Each proposal must begin with an Executive Summary, briefly describing the offeror and clearly indicating whether the proposal is for Lot 1, Lot 2, or both Lot 1 and Lot 2. Note that offeror may propose multiple solutions, which may address different Lots.

5.3 COMPLIANCE WITH TERMS AND CONDITIONS

Offeror must include a statement of compliance with all terms and conditions stated in sections 1, 2, and 3 of this RFP. Any questions or concerns regarding any of these terms and conditions must be addressed to the Conforming States as specified and by the date specified in Section 1. Non-compliance with any terms and conditions as stated in this RFP or as modified by response to questions as specified above will result in disqualification of the proposal. Any additional terms or conditions to be requested by offeror must be stated in the Proposal. In the event that the Conforming States are unable to come to terms with the apparently successful offeror, the Conforming States reserve the right to begin negotiations with the next most successful offeror.

5.4 TECHNICAL PROPOSAL

Offeror must respond to each numbered requirement in Section 4, explaining in reasonable detail how offeror will comply with each requirement. Offeror must provide all information requested in each numbered requirement. Failure to provide requested information will result in disqualification of the proposal.

5.5 RESUMES

For all proposals for Lot 1, offeror must provide a complete resume for the proposed Project Manager and for all application development staff. Resumes must include educational background and complete job history to ten years. For all proposals for Lot 2, offeror must provide a complete resume for the individual(s) to be directly responsible for the hosting operation.

5.6 FINANCIAL

Offeror must provide evidence of financial stability, such as audited annual reports, balance sheet, profit and loss statement, or copies of tax returns for three years. Offeror must disclose any previous bankruptcies. Offeror must also describe any changes in ownership, acquisitions, or mergers occurring in the last three years or currently pending.

5.7 REFERENCES

Offeror must provide a minimum of three (3) reference organizations for which offeror has completed essentially similar work. For each reference account, offeror must provide the dates and a description of the work performed, available performance statistics such as availability and performance volume, and at least one contact individual. Both phone number and e-mail address must be provided for each reference contact. It is the responsibility of the offeror to verify that phone numbers and e-mail addresses are current; inability to contact reference individuals may lead to disqualification of the proposal.

5.8 COST PROPOSAL

5.8.1 COMPLETENESS

Cost proposal must be in a separate section, and must be inclusive of all costs for the duration of the contract (up to five years). Costs must be provided separately for each of the five years. Offeror must provide the rate basis for all costs, as well as "not to exceed"

amounts. Annual increases for all rates are limited to the greater of 5% or the actual increase in the Consumer Price Index (CPI) for the year in question.

5.8.2 LOT 1 COST PROPOSAL

- 5.8.2.1** Offeror must itemize the basis for cost of the development effort, including hourly rates of all personnel and estimate of work effort based on the specifications provided in Appendix A; itemization of all hardware and/or software to be procured; and any and all ancillary costs.
- 5.8.2.2** A maximum “not-to-exceed” amount, based on the rate structure and a maximum estimate of effort, must be provided for each year, exclusive of changes specified in section 4.2.5.4. The Conforming States will not pay more than this maximum amount. All optional enhancements must be costed separately. Changes specified in section 4.2.5.4 will be made on a time and materials basis; the hourly rate for such effort must be provided.
- 5.8.2.2** Contractor may invoice the Conforming States, and payment will be made, on a monthly basis. However, 10% of the invoiced amount for each month will be held in reserve. This final 10% will not be paid until the Streamlined Registration System is successfully deployed at the host site.
- 5.8.2.3** Once contractor and the Conforming States have agreed to the Project Plan, Contractor will be assessed a penalty against the reserved 10% of 1% per day for each business day after July 31, 2005 or the agreed on implementation date if implementation is delayed, unless contractor and the Conforming States mutually agree that the delay was beyond control of the contractor.
- 5.8.2.4** Funding available to the Conforming States will be limited until the live implementation date of the Streamlined Agreement, which is anticipated to occur October 1, 2005. Offeror may provide an alternative cost structure which minimizes initial development cost in favor of later maintenance costs. The Conforming States reserve the right to negotiate the timing of payments with the apparently successful offeror.

5.8.3 LOT 2 COST PROPOSAL

- 5.8.3.1** Offeror must itemize the basis for cost of the hosting service, including hosting rates, itemization of all hardware and/or software, the rate basis for any personnel costs not bundled into the hosting rate, and any and all ancillary costs. The cost of Help Desk support must be given separately.
- 5.8.3.2** A maximum “not-to-exceed” amount, based on the itemized cost factors, must be provided for each year. The Conforming States will not pay more than this maximum amount. This maximum amount must be given both with and without Help Desk support.
- 5.8.3.3** Requirement 4.3.2.1 states that the Streamlined Registration System must not be unavailable for more than two hours per month. Contractor will be assessed a penalty against monthly hosting charges of 5% for each additional hour or fractional hour of downtime in excess of two hours per month.
- 5.8.3.4** Offeror must itemize the cost of providing Help Desk services separately from general hosting services. Offeror must provide the cost of 8:00am to 8:00pm Eastern Time (8:00 am through 5:00 pm Pacific Time) Help Desk Coverage. If offeror can provide extended Help Desk coverage, including full 24/7 support, such extended coverage must be priced separately from the 8:00am to 8:00pm Eastern Time (8:00 am through 5:00 pm Pacific Time) coverage.