

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

September 12, 2008

**CHANGE NOTICE NO. 3**  
**TO**  
**CONTRACT NO. 071B4200396**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR		TELEPHONE: Bill Condon <b>(800) 229-7574</b> Fax: <b>(616) 447-7550</b>
<b>Rotary Multiforms, Inc.</b> <b>2501 Plainfield Avenue, N.E.</b> <b>Grand Rapids, MI 49505</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>		VENDOR NUMBER/MAIL CODE
		BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <b>Form Personalization – Estimated Forms &amp; 1099G – Department of Treasury</b>		
CONTRACT PERIOD: From: <b>September 15, 2004</b> To: <b>September 15, 2009</b>		
TERMS	2% 10 Days	SHIPMENT Per Specifications
F.O.B.	Per Specifications	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS Per Specifications		
MISCELLANEOUS INFORMATION:		

**NATURE OF CHANGE (S):**

Effective immediately this Contract is hereby EXTENDED one (1) year to September 15, 2009 and INCREASED \$145,000.00.

Also, change in Production method of coupons per the attached specifications.

All other terms, conditions, and prices remain the same.

**AUTHORITY/REASON:**

Per state Administrative Board approval on September 12, 2008 and DMB Purchasing Operations. .

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$758,552.90**

071B4200396 Change #3 Price Sheet

A. PRINTING

Item	Annual Qty	Printing \$/M *	Annual Cost	Plus/minus 10% Additional M
MI-1040ES	350,000	\$ 113.25	\$ 39,637.50	\$ 113.25
Michigan Business Tax (MBT) Estimates	120,000	\$ 113.25	\$ 13,590.00	\$ 113.25
MI-1099G	1,300,000	\$ 65.90	\$ 85,670.00	\$ 65.90
TOTALS	1,770,000		\$ 138,897.50	

B. PAPER \* Costs in the above totals

Item	Annual Qty	Annual Tonnage	Paper Cost (cwt.)	Annual Cost
MI-1040ES	350,000	10000	\$ 50.50	\$ 5,050.00
Michigan Business Tax (MBT) Estimates	120,000	3450	\$ 50.50	\$ 1,742.25
MI-1099G	1,300,000	12500	\$ 49.00	\$ 6,125.00
TOTALS	1,770,000	25950		\$ 12,917.25

C. ENVELOPES \* Costs in the above totals

Item	Annual Qty	Annual Tonnage	Paper Cost (cwt.)	Annual Cost
MI-1040ES	350,000	4500	\$ 56.00	\$ 2,475.00
Michigan Business Tax (MBT) Estimates	120,000	1520	\$ 56.00	\$ 836.00
MI-1099G	N/A	N/A	N/A	N/A
TOTALS	470,000	6020		

**D. GRAND TOTAL COST**

Item	One-Year Total
MI-1040ES	\$ 39,637.50
Michigan Business Tax (MBT) Estimates	\$ 13,590.00
MI-1099G	\$ 85,670.00

**E. ADDITIONAL PRICING**

**1. NCOA & CASS Updating/Processing**

Item	Quantity	Cost/M for 13-Month NCOA Update	Cost/M for 48-Month NCOA Update	CASS/M
MI-1040ES	350,000	\$ 1,400.00	\$ 1,550.00	included
Michigan Business Tax (MBT) Estimates	120,000	\$ 480.00	\$ 560.00	included
MI-1099G	1,300,000	\$ 2,990.00	\$ 3,120.00	included

**2. Overtime**

Item	Hourly Overtime Rate
MI-1040ES	\$ 150.00
Michigan Business Tax (MBT) Estimates	\$ 150.00
MI-1099G	\$ 150.00

**071B4200396 Change Request 3**

**July 29, 2008**

**Clarifications**

1. Clarification for response to #2. Please indicate if Rotary will print a 2-D barcode on all vouchers, or if Rotary will print a 2-D barcode on only the first voucher of each package.

**Response To Change**

RMI's intent is to print the 2-D barcode on the first coupon only. We can, if Treasury has a need, place a 2-D barcode on all coupons. On coupons two, three, and four we can print the barcode in a location that can not be seen through the window of the envelope when folded and inserted. This would allow for both the verification process and Treasury's need/requirement of the barcode on the balance of the coupons.

**071B4200396 Change Request 3**  
**May 21, 2008**  
**One-Year Contract Extension Request**

1. The Single Business Tax (SBT) expired effective 12/31/2007. Therefore, the C-8002 Estimate forms will no longer be needed. The Michigan Business Tax (MBT) replaced SBT and estimate forms for the MBT are needed. Production requirements for the MBT estimate forms are the same as C-8002 Estimate production requirements in Section 2.

Response To Change

RMI understands that the MBT package replaces the SBT, but has the same specifications and production requirements as the old SBT package.

2. For Tax Year 2008, a 2-D barcode must be printed on the first voucher of both MI-1040ES and MBT Estimate forms (Section 2f). The 2-D barcode will contain a number sequence (data to be provided by Treasury) and shall be used to ensure 100% accuracy of mail delivery. The 2-D barcode shall show through the window envelope. Specify where Rotary Multiforms feels would be the most beneficial position for the 2-D barcode without compromising the mailing barcode. The size of the 2-D barcode shall be 1/4" x 1/4". Detail the process for utilizing the 2-D barcode to confirm mailing accuracy.

Response To Change

The position of the 2-D barcode will be above the endorsement line as to not interfere with the postal scanning operations. To achieve this we are increasing the height of the window by 3/8" to allow clearance and readability of the 2-D barcode.

The use of the 2d barcode allows us to enable a technology referred to as MRDF (Mail Run Data File), which provides a built-in and highly accurate method of reconciling an entire mail run. Since MRDF is essentially a list of every mail piece that is expected to be completed, the control system checks off each piece from the list as it is processed, closing the loop between application and physical mail. The list, verifying each piece has been processed, will be forwarded to Treasury in a format that can be determined later.

3. Provide detail for a solution such that the estimate forms are cut, folded and inserted into the window envelope without human intervention. Discuss in detail the proposed process and provide machine specifications. Indicate any cost implications in Appendix A. Treasury may choose to utilize this inserting method, which will be communicated via a contract change notice.

Response To Change

The new process utilizes is a single piece of equipment to complete the

cutting, folding, and inserting all in one automated operation. This equipment will take the roll of imaged coupons and sheet them out to individual 8-1/2" x 14" sheets, fold them to the finished size of 8-1/2" x 3-1/2", insert the finished forms into the envelope, and read the 2-D barcode in a single operation. The current process achieves the same result but each of the steps are processed individually on multiple pieces of equipment. This new process removes the possibility of human error from the individual processes and the possibility of individuals modifying the fold on individual pieces before the insertion. The new equipment will maintain that the fold is consistent for all pieces processed. The exposed valid address block containing the postal and 2-D barcodes verifies all coupons in the package are for the same tax filer maintaining data integrity.

4. Specify the process for when a voucher is torn/damaged and what actions are taken. Also include the process taken if a 2-D barcode is not scanned or if sequence numbers get out of order, and how the reporting/reconciliation process works. Include specific actions of staff to correct any processing errors. Identify policies or procedures if available. Please provide a sample of an error report from a different job that utilized 2-D barcodes.

Response To Change

With the current process, the re-print process is a manual task, that is performed by the machine operator while the job is being processed. Each operator is required to identify and segregate damaged pieces to be submitted for reprints.

As stated in the response to question #2; MRDF is essentially a list of every mail piece that is expected to be completed, the control system checks off each piece from the list as it is processed, closing the loop between application and physical mail. This allows a regeneration/verification list to be automatically created that includes both the damaged pieces and those pieces that were not inserted. This list will be checked against the "PRODUCTION LOG" to verify that all data collected matches the expected reprints on the 2-D regeneration list. If there is a discrepancy, the pieces that are in question will be located and inspected including the last and first verifiable pieces to confirm all data is correct in those packages. All reports will be verified prior to mailing confirming all packages are correct and accounted for.

Reports are simply an data file with an acknowledgement of positive or negative processing. The example below demonstrates the way the process would work in production:

SEQUENCE NUMBER	PROCESSED
0000001	Y

0000002	Y
0000003	N
0000004	Y

In this case, sequence number 0000003 would be flagged and verified against the "PRODUCTION LOG" and reprinted. As with the current process, the original piece would still be identified, isolated and destroyed. The reprinted piece would then be re-inserted into the correct position in the mail stream for delivery.

5. MBI Estimate data must be run through NCOA and CASS by the contractor (Section 2j). Approximately 120,000 data files will need to be run thru NCOA and CASS. Provide pricing per thousand for a 13- and 48-month update in Appendix A.

Response To Change

See attached price sheets

6. The MI-1040ES and MBI Estimates are to be mailed in #10 window envelopes that include a security tint. Provide pricing in Appendix A for envelopes with security tint.

Response To Change

See attached price sheets

7. In the past, Treasury has provided the data for each print job on a tape/cartridge. Treasury anticipates continuing using this type of media to transmit data but is looking into the possibility of transmitting data via an FTP site. Please confirm the capability of accepting data via FTP.

Response To Change

We can and currently are accepting data via FTP from Treasury to process the weekly printing of the Sales, Use, and Withholding Tax program.

8. Within three (3) working days after the forms have been mailed to taxpayers, the contractor must provide to the Contract Administrator, both the *Statement of Mailing with Permit Imprints* (Form 3602) and Treasury media containing confidential tax data used to create the estimate forms (Sections 2.m.2 and 3 g 2).

Response To Change

RMI understands that within 3 working days after a drop is made at the USPS we are to provide the contract administrator with a copy of the 3602 postal reports. RMI will also return media containing data to Treasury within 3 work

days of completing the entire mailing.

9. Amend Section 2.703-C.2 (Liquidated Damages) to read:
  2. Up to \$600/day for personnel costs incurred by the State for problem resolution if forms do not meet specifications in Sections 2 (Michigan Estimate Payment Tax Forms) and 3 (1099-G Form).
  3. Actual costs incurred by Treasury for social security number fraud prevention services for individuals affected by incorrect mailings due to contractor error.

Response To Change

RMI understands that if the forms do not meet specifications or an error due to our services:

RMI can be charged up to \$600 per day for personnel costs to resolve a problem for forms that do not meet specifications.

RMI can be charged actual costs of fraud prevention services, if the error was caused by RMI, for individuals whose social security numbers were affected.

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

April 9, 2007

**CHANGE NOTICE NO. 2 (Revised)**  
**TO**  
**CONTRACT NO. 071B4200396**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR  <b>Rotary Multiforms, Inc.</b> <b>2501 Plainfield Avenue, N.E.</b> <b>Grand Rapids, MI 49505</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>	TELEPHONE: Bill Condon <b>(800) 229-7574</b> <b>Fax: (616) 447-7550</b>
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <b>Form Personalization – Estimated Forms &amp; 1099G – Department of Treasury</b>	
CONTRACT PERIOD: From: <b>September 15, 2004</b> To: <b>September 15, 2008</b>	
TERMS <b>2% 10 Days</b>	SHIPMENT <b>Per Specifications</b>
F.O.B. <b>Per Specifications</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>Per Specifications</b>	
MISCELLANEOUS INFORMATION:	

**NATURE OF CHANGE (S):**

Effective immediately this Contract is hereby EXTENDED for one year. The new Contract ending date is September 15, 2008.

In addition, a 3% discount has been applied to the following items for 2008 production:

Item	Current Price	2008 Price
1040ES	\$119.29/M	\$115.71/M
C8002	\$119.29/M	\$115.71/M
1099G	\$69.40/M	\$ 67.32/M

All other terms, conditions, and prices remain the same.

**AUTHORITY/REASON:**

Per vendor contact (Bill Condon) and DMB Purchasing Operations.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$613,552.90**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

March 28, 2007

**CHANGE NOTICE NO. 2**  
**TO**  
**CONTRACT NO. 071B4200396**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR  <b>Rotary Multiforms, Inc.</b> <b>2501 Plainfield Avenue, N.E.</b> <b>Grand Rapids, MI 49505</b>  Email: <a href="mailto:bcondon@rmi-printing.com">bcondon@rmi-printing.com</a>	TELEPHONE: Bill Condon <b>(800) 229-7574</b> <b>Fax: (616) 447-7550</b>
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <b>Form Personalization – Estimated Forms &amp; 1099G – Department of Treasury</b>	
CONTRACT PERIOD: From: <b>September 15, 2004</b> To: <b>September 15, 2008</b>	
TERMS <b>2% 10 Days</b>	SHIPMENT <b>Per Specifications</b>
F.O.B. <b>Per Specifications</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>Per Specifications</b>	
MISCELLANEOUS INFORMATION:	

**NATURE OF CHANGE (S):**

**Effective immediately this Contract is hereby EXTENDED for one year. The new Contract ending date is September 15, 2008.**

**All other terms, conditions, and prices remain the same.**

**AUTHORITY/REASON:**

**Per vendor contact (Bill Condon) and DMB Purchasing Operations.**

**Total Estimated Contract Value Remains: \$613,552.90**

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

May 18, 2005

**CHANGE NOTICE NO. 1**  
**TO**  
**CONTRACT NO. 071B4200396**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF VENDOR  <p style="text-align: center;"><b>Rotary Multiforms, Inc.</b>  <b>2501 Plainfield Avenue, N.E.</b>  <b>Grand Rapids, MI 49505</b></p> <p style="text-align: right;"><b>bcondon@rmi-printing.com</b></p>	TELEPHONE: Bill Condon <b>(800) 229-7574</b> <b>Fax: (616) 447-7550</b>
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <p style="text-align: center;"><b>Form Personalization – Estimated Forms &amp; 1099G – Department of Treasury</b></p>	
CONTRACT PERIOD: From: <b>September 15, 2004</b> To: <b>September 15, 2007</b>	
TERMS <p style="text-align: center;"><b>2% 10 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>Per Specifications</b></p>
F.O.B. <p style="text-align: center;"><b>Per Specifications</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>Per Specifications</b></p>	
MISCELLANEOUS INFORMATION:	

**NATURE OF CHANGE (S):**

**Change in specifications for 1099G form, per the attached.**

**All other terms, conditions, and prices remain the same.**

**AUTHORITY/REASON:**

**Per DMB/Acquisition Services**

**NET INCREASE: \$215,346.00**

**Total Revised Estimated Contract Value: \$613,552.90**

# The 1099G Production

## Paper

The base stock is an uncoated white reply card from International Paper

- Paper 84 brightness
- Opacity 94 percent
- Smoothness 330
- Caliper .0074

## Bar Code

The bar code contains information used in the event the package has to be re-generated. The bar code is scanned rather than keying the information eliminating the possibility of keystroke errors. The bar code pulls the correct file into the print queue to be re-printed. The size of the bar code and its contents can vary; it can be customized to meet the State's needs as long as it is unique to each filer.

## Security Label

The label that is currently being used is 1-1/4" x 4-5/8" and is over printed to increase the opacity to obscure the data beneath it. The printing can be done in any color or combination of colors up to 6. The size can also be modified to any size as long as the USPS approves the modification. There may be a one-time die charge if the plant doesn't have the requested size die in stock.

The label stock is a super-calendered white face stock laminated to a polyethylene film. The adhesive is a rubber based and must be applied in temperatures over +40 degrees F and will function in temperatures from -65 F to +160 degrees F.

## Sealing

The post card is sealed using perforated clear tabs. There are two tabs applied on the open end of the postcard after it is folded to meet postal requirements.

## Discounts

If the State of Michigan Treasury is capable of assisting in securing additional orders from either other Michigan Departments or other states RMI is offering a discount off the invoice for the print only. On the first order RMI receives other than Michigan Treasury's 1099 there will be a discount of 5% taken off the invoice (print only). The difference in the discount from my original bid is the manufacturing process is

completely different from the single postcard option. Each additional order up to 2 will receive an additional 3% of the invoice (print only) each. If Treasury is successful in helping obtain 3 additional orders RMI will discount a total of 11% off the invoice (print only).

## **Production Process**

The first phase of the manufacturing is producing the base stock for the 1099's. The base stock will be processed 2-wide on a 24" press that produces 4-6" postcards per impression. The stock is 75# White Reply Card and is printed in black ink (face and back) and is perforated at 4-1/4" and 12-3/4". The perforations are then passed through perforation flatteners to keep the stock flat and not build up on the rolls and split. The paper is rewound into jumbo rolls on either a 3" or 6" core for the laser printer.

The labels will be produced on a 6 color flexographic press. The stock will be printed in black ink and flood coated in gray. The label material will be processed and cut to size by the die and the unused matrix removed. The labels are then rewound into rolls for use on a labelaire or affixing machines.

### **Personalization –**

The data files will be processed with CASS sorting software to achieve the best possible postage rate. The records once sorted will be assigned a sequence number for quality purposes. The rolls will then be imaged on the face and back with the static and variable data on the OCE continuous roll printers and the rolls will be re-wound.

### **Processing and Mailing –**

The rolls once imaged will be processed on a Bowe Cutter/Folder that will slit the forms. The left teletype, right teletype, and center will be slit and then the roll will then be sheeted at 6" creating two (2) forms side by side. This will create a finished postcard piece 8-1/2" x 6". These forms will then be processed on the labelaire affixing machines that will attach the labels covering the sensitive data fields. The pieces will then be folded on the perforation at 4 1/4" and two clear wafer seals applied to seal the postcard and then trayed and palletized for delivery to the post office. Once this has been completed the Post Office will perform an onsite postal verification and the packages are shipped to the required postal entry locations

### **Damaged Packages –**

Any package that is damaged will be re-generated using the bar code number that is printed on each piece. The forms will be processed as above and will be placed in sequence in the correct tray for delivery to the USPS. The sequence number will also be used to verify that all files are generated and mailed without producing duplicate files.

**STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 ACQUISITION SERVICES  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
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**CONTRACT NO. 071B4200396  
 between  
 THE STATE OF MICHIGAN  
 and**

NAME & ADDRESS OF VENDOR  <p style="text-align: center;"><b>Rotary Multiforms, Inc.          2501 Plainfield Avenue, N.E.          Grand Rapids, MI 49505</b></p> <p style="text-align: right;"><b>bcondon@rmi-printing.com</b></p>	TELEPHONE: Bill Condon <b>(800) 229-7574</b> <b>Fax: (616) 447-7550</b> <hr/> VENDOR NUMBER/MAIL CODE <hr/> BUYER/CA (517) 373-7374 <b>Joan Bosheff</b>
Contract Compliance Inspector: Darron Birchmeier <p style="text-align: center;"><b>Form Personalization – Estimated Forms &amp; 1099G – Department of Treasury</b></p>	
CONTRACT PERIOD: From: <b>September 15, 2004</b> To: <b>September 15, 2007</b>	
TERMS <p style="text-align: center;"><b>2% 10 Days</b></p>	SHIPMENT <p style="text-align: center;"><b>Per Specifications</b></p>
F.O.B. <p style="text-align: center;"><b>Per Specifications</b></p>	SHIPPED FROM <p style="text-align: center;"><b>N/A</b></p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;"><b>Per Specifications</b></p>	
MISCELLANEOUS INFORMATION: <p><b>The terms and conditions of this Contract are those of <a href="#">ITB #071I4001258</a> this Contract Agreement and the vendor's quote dated <a href="#">July 2, 2004</a>. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</b></p> <p><b>Estimated Contract Value: \$398, 206.90</b></p>	

**THIS IS NOT AN ORDER:** This Contract Agreement is awarded on the basis of our inquiry bearing the [ITB No.071I4001258](#). Orders for delivery of equipment will be issued directly by the [Department of Treasury](#) through the issuance of a Purchase Order Form.

**All terms and conditions of the invitation to bid are made a part hereof.**

<b>FOR THE VENDOR:</b>	<b>FOR THE STATE:</b>
<b>Rotary Multiforms, Inc.</b>	Signature
Firm Name	<b>Joan Bosheff, Buyer Specialist</b>
Authorized Agent Signature	Name
Authorized Agent (Print or Type)	<b>Tactical Purchasing, Acquisition Services</b>
Date	Title
Date	Date



**STATE OF MICHIGAN**  
**Department of Management and Budget**  
**Acquisition Services**

Contract #071B4200396  
Print, Bind and Deliver  
Michigan Estimate Tax Payments Forms  
And MI-1099G Forms

Buyer Name: Joan Bosheff  
Telephone Number: (517) 373-7374  
E-Mail Address: bosheffj@michigan.gov



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Attachments:

- Specifications
- Pricing Sheets
- Vendor, Contractor or Subcontractor Confidentiality Agreement
- P.A. 153 of 1937 (Michigan Printing Law)



## **ARTICLE 1 – STATEMENT OF WORK (SOW)**

### **1.0 Introduction**

#### **1.001 PROJECT TITLE AND DESCRIPTION**

This is a Contract to Print, Bind and Deliver Michigan Estimate Tax Payment Forms and MI-1099G Forms for the Michigan Department of Treasury.

#### **1.002 PROJECT CONTROL**

##### Project Control

- a. The Contractor will carry out this project under the direction and control of the Department of Treasury.
- b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet as needed with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.
- c. The Contractor will submit brief written weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.

### **1.1 Product Quality**

#### **1.101 SPECIFICATIONS**

Definite Specifications - All commodities and/or services to be furnished hereunder shall conform to the specifications included in this Contract.

### **1.2 Service Capabilities**

#### **1.201 CUSTOMER SERVICE/ORDERING**

The Contractor shall have the capacity to receive orders electronically, by phone, facsimile, and by written order. The Contractor shall provide a statewide toll-free phone number for phone orders. The Contractor shall have internal controls, approved by Acquisition Services, to insure that authorized individuals with the State place orders. The Contractor shall verify orders that have quantities that appear to be abnormal or excessive.

The Contractor shall have an accessible customer service department with an individual specifically assigned to State of Michigan accounts. The Contractor shall have experienced sales representatives make timely personal visits to State accounts. The Contractor's customer service must respond to State agency inquiries promptly. The Contractor shall provide a statewide toll-free number for customer service calls.

Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule. All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

If mailed, a delivery order or task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.



**1.202 TRAINING**

The Contractor shall provide training to individual agencies, when necessary, on aspects of ordering, shipping, billing, and receiving. At the request of the Contract Administrator, the Contractor shall provide in-service training to agency personnel on products, installation, and product safety issues. The Contractor shall also provide agency training jointly with the State as needed during the period covered by the contract at no additional charge.

**1.203 REPORTING**

The Contractor shall be able to provide various reports, when requested by the State. Examples include itemized report of total items (commodities and services) purchased by all agencies or individual agencies, open invoice reports, delivery compliance reports, quantity reports, service compliance reports, etc.

**1.204 SECURITY**

The Contract may require frequent deliveries to State of Michigan facilities. If security background checks are performed on employees, the Contractor shall indicate the name of the company that performs the check as well as provide a document stating that each employee has satisfactorily completed a security check and is suitable for assignment to State facilities. Upon request by the State, the Contractor shall provide the results of all security background checks.

The State may decide to also perform a security background check. If so, the Contractor will be required to provide to the State a list of all delivery people that will service State of Michigan facilities, including name and date of birth (social security number or driver license number would also be helpful).

The Contractor and its subcontractors shall comply with the security access requirements of individual State facilities.

**1.3 Delivery Capabilities**

**1.301 PACKAGING**

The bidder is requested to provide packaging that most closely meets these packaging sizes. The State reserves the right of final approval on packaging offered by the Contractor.

Packaging and containers, etc., shall be in accordance with supplier's commercial practice and shall meet the requirements of Department of Transportation (D.O.T.) and rail and motor carrier freight classifications in effect at time of shipment, which will permit application of the lowest freight rate.

**1.302 PALLETIZING**

Shipments shall be palletized whenever possible and shall conform to the following:

- Manufacturers standard 4-way shipping pallets are acceptable.
- Maximum height: 5'6"; including pallet.
- Maximum weight: 3500 pounds; including pallet.
- Pallets are to be securely banded or shrink-wrapped.
- The cost of palletizing must be included in the unit price.

**1.303 DELIVERY TERM**

Prices are "F.O.B. Delivered" with transportation charges prepaid on all orders.



## 1.4 Project Price

### 1.401 PRICE TERMS

Prices quoted are the maximum for a period of 365 days from the date the Contract becomes effective.

Prices are subject to change at the end of each 365-day period. Such changes shall be based on changes in actual costs incurred. Documentation of such changes must be provided with the request for price change in order to substantiate any requested change. Acquisition Services reserves the right to consider various pertinent information sources to evaluate price increase requests (such as the CPI and PPI, US City Average, as published by the US Department of Labor, Bureau of Labor Statistics). Acquisition Services also reserves the right to consider other information related to special economic and/or industry circumstances, when evaluating a price change request. Changes may be either increases or decreases, and may be requested by either party. Approved changes shall be firm for the remainder of the contract period unless further revised at the end of the next 365-day period.

Requests for price changes shall be RECEIVED IN WRITING AT LEAST THIRTY (30) DAYS PRIOR TO THEIR EFFECTIVE DATE, and are subject to written acceptance before becoming effective. In the event new prices are not acceptable, the CONTRACT may be cancelled. The continued payment of any charges due after September 30th of any fiscal year will be subject to the availability of an appropriation for this purpose.

## 1.5 Quantity term

Requirements – Vendor agrees to supply all that the Department of Treasury requires.

## 1.6 Michigan Printing Law

All printing under the Contract must be in compliance with Public Act 153 of 1947, as amended. The provisions of the Printing Act are applicable to the Contractor and all subcontractors.

All work to be performed shall be produced in the plant of the bidder or subcontractors. The State reserves the right to inspect the plant(s) in which work will be produced; to examine the equipment and facilities; and to determine the ability of the Contractor to perform the work in accordance with the requirements. The State also reserves the right to interview key personnel assigned by the Contractor to this project and to recommend reassignment of personnel deemed unsatisfactory by the State. The State further reserves the right to approve subcontractors for this project and to require primary Contractors to replace subcontractors who are found to be unacceptable.



## **ARTICLE 2 – GENERAL TERMS AND CONDITIONS**

### **2.0 Introduction**

#### **2.001 GENERAL PURPOSE**

This is a Contract to Print, Bind and Deliver Michigan Estimate Tax Payment Forms and MI-1099G Forms for the Michigan Department of Treasury. Exact quantities to be purchased are unknown; however, the Contractor will be required to furnish all such materials and services as may be ordered during the CONTRACT period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to the Contractor by the Department of Treasury on the Purchase Order Contract Release Form.

#### **2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR**

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for the Department of Treasury, hereinafter known as Treasury. Where actions are a combination of those of Acquisition Services and Treasury, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

**Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator**

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget  
Acquisition Services  
ATTN: Joan Bosheff  
2nd Floor, Mason Building  
P.O. Box 30026  
Lansing, Michigan 48909  
Phone: (517) 373-7374  
E-Mail: [bosheffj@michigan.gov](mailto:bosheffj@michigan.gov)

#### **2.003 NOTICE**

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

#### **2.004 CONTRACT TERM**

The term of this Contract will be for a three (3) year period and will commence with the issuance of a Contract. This will be September 15, 2004, through September 15, 2007.



**Option.** The State reserves the right to exercise two one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

**Extension.** At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Written notice will be provided to the Contractor within 30 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the State to an extension. If the State exercises this option, the extended contract shall be considered to include this option clause.

## 2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, the Contractor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

## 2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

- MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
- MI OSHA MCL §§ 408.1001 – 408.1094
- Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
- Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
- MI Consumer Protection Act MCL §§ 445.901 – 445.922
- Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
- Department of Civil Service Rules and regulations
- Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
- Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
- MCL §§ 423.321, et seq.
- MCL § 18.1264 (law regarding debarment)
- Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
- Contract Work Hours and Safety Standards Act (CWHSAA) 40 USCS § 327, et seq.
- Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
- Rules and regulations of the Environmental Protection Agency
- Internal Revenue Code
- Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
- The Civil Rights Act of 1964, USCS Chapter 42
- Title VII, 42 USCS §§ 2000e et seq.
- The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
- The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
- The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
- The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
- The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
- Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
- Sherman Act, 15 U.S.C.S. § 1 et seq.
- Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
- Clayton Act, 15 U.S.C.S. § 14 et seq.
- P.A. 153 of 1937 (Michigan Printing Law)



**2.007 RELATIONSHIP OF THE PARTIES**

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

**2.008 HEADINGS**

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**2.009 MERGER**

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

**2.010 SEVERABILITY**

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

**2.011 SURVIVORSHIP**

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

**2.012 NO WAIVER OF DEFAULT**

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

**2.013 PURCHASE ORDERS**

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

**2.1 Vendor/Contractor Obligations**

**2.101 ACCOUNTING RECORDS**

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.



**2.102 NOTIFICATION OF OWNERSHIP**

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.
2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;
2. Provide Acquisition Services or designated representative ready access to the records upon request;
3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and
4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

**2.103 RESERVED**

**2.104 RESERVED**

**2.105 RESERVED**

**2.106 PREVAILING WAGE**

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall not be less than the wage rates and fringe benefits established by the Michigan Department of Consumer and Industry Service, Bureau of Safety and Regulation, Wage/Hour Division schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor shall include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or subcontractors and persons in privity of contract with them.

The Contractor, its subcontractors, their subcontractors, and all persons involved with the performance of this contract in privity of contract with the Contractor shall keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Consumer and Industry Services, the office responsible for enforcement of the wage rates and fringe benefits. You shall keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with this contract. This record shall be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted shall also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.



**2.107 PAYROLL AND BASIC RECORDS**

Payrolls and basic records relating to the performance of this contract shall be maintained by the Contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

The Contractor shall submit a copy of all payrolls to the Contract Administrator upon request. The payrolls submitted shall set out accurately and completely all of the information required to be maintained as indicated above.

The Prime Contractor is responsible for the submission of copies of payrolls by all subcontractors upon request from the Contract Administrator

The Contractor or subcontractor shall permit the Contract Administrator or representatives of the Contract Administrator or the State of Michigan to interview employees during working hours on the job.

If the Contractor or subcontractor fails to submit required records or to make them available, the Contract Administrator may, after written notice to the Contractor, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment.

**2.108 COMPETITION IN SUBCONTRACTING**

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

**2.109 CALL CENTER DISCLOSURE**

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

**2.2 Contract Performance**

**2.201 TIME IS OF THE ESSENCE**

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

**2.202 CONTRACT PAYMENT SCHEDULE**

Payment for work completed will be made only upon satisfactory delivery of each form. Invoices must be prepared in the following manner:

- Contract number printed clearly on all copies and pages.
- Treasury purchase order release number printed clearly on all copies and pages.
- A complete description of the task completed (i.e. price forms printed, shipping).
- Itemized charges for each task completed.
- Include 1<sup>st</sup> class postage charges for non-BMC mailings on invoice.
- Dates materials are mailed out for all forms.
- Payment of invoices without this information will be delayed.



The Department of Treasury will pay only for the exact number of forms mailed as documented on the *USPS Statement of Mailing with Permit Imprints* (Form 3602).

Send invoices to:

Department of Treasury  
Finance and Accounting  
Treasury Building  
430 W. Allegan St., 2<sup>nd</sup> Floor  
Lansing, MI 48922.

**2.203 RESERVED**

**2.204 RESERVED**

**2.205 ELECTRONIC PAYMENT AVAILABILITY**

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at [www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us).

**2.206 RESERVED**

**2.3 Contract Rights and Obligations**

**2.301 INCURRING COSTS**

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

**2.302 CONTRACTOR RESPONSIBILITIES**

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

**2.303 ASSIGNMENT AND DELEGATION**

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

**The Contractor must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that was provided in the ITB.**



## 2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

## 2.305 INDEMNIFICATION

### General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.



#### Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

#### Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

#### Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

#### Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

#### Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

- (a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and prior to the State receiving



Contractor's Notice of Election, the State shall be entitled to defend against the claim, at Contractor's expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

- (b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor's financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor's information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.
- (c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

**2.306 LIMITATION OF LIABILITY**

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

**2.307 CONTRACT DISTRIBUTION**

Acquisition Services shall retain the sole right of Contract distribution to Treasury unless other arrangements are authorized by Acquisition Services.



**2.308 FORM, FUNCTION, AND UTILITY**

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source.

**2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION**

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the bidder hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

**2.310 RESERVED**

**2.311 TRANSITION ASSISTANCE**

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 30 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

**2.312 RESERVED**

**2.313 RESERVED**

**2.314 WEBSITE INCORPORATION**

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

**2.4 Contract Review and Evaluation**

**2.401 CONTRACT COMPLIANCE INSPECTOR**

Upon receipt at Acquisition Services of the properly executed Contract Agreement, the person named below will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services.** The Contract Compliance Inspector for this project is:

Darron Birchmeier  
Department of Treasury  
Forms and Document Services  
430 West Allegan Street, 2<sup>nd</sup> Floor  
Lansing, MI 48922  
Phone: (517) 241-3548  
Fax: (517) 373-6941  
Email: birchmeierd@michigan.gov



**2.402 PERFORMANCE REVIEWS**

Acquisition Services, in conjunction with the Treasury, may review with the Contractor their performance under the Contract. Performance reviews shall be conducted on an as needed basis depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

**2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS**

The Contractor agrees that the State may, upon 24-hour notice, perform an audit at Contractor's location(s) to determine if the Contractor is complying with the requirements of the Contract. The Contractor agrees to cooperate with the State during the audit and produce all records and documentation that verifies compliance with the Contract requirements.

**2.5 Quality and Warranties**

**2.501 PROHIBITED PRODUCTS**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

**2.502 QUALITY ASSURANCE**

The State reserves the right to periodically test products, which have been received to verify compliance with specifications. If laboratory analysis shows that the product does not meet specifications or fails to perform satisfactorily at any time, the Contractor shall be responsible for:

1. All costs of testing and laboratory analysis.
2. Disposal and/or replacement of all products which fail to meet specifications.
3. All costs of repair and/or replacement of equipment deemed to have been damaged by substandard products as determined by the State.

**2.503 INSPECTION**

All goods are subject to inspection and testing. In the event goods are defective in material or workmanship, or otherwise fail to meet the requirements of the Contract, the State shall have the right to reject the goods or retain the goods and correct the defects. The Contractor shall pay the State for expenses incurred in correcting defects. Rejected goods will be held for 45 days after delivery. The Contractor must arrange for the return of said goods, including paying for handling, packing, and transportation costs. The State has the authority to dispose of the goods without further liability to the State in the event the Contractor fails to make arrangements within the specified time period.



**2.504 GENERAL WARRANTIES (goods)**

*Warranty of Merchantability* – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

**2.505 CONTRACTOR WARRANTIES**

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;
2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
7. The Contractor has duly authorized the execution, delivery and performance of the Contract;
8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.
9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.
10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.
11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.
12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.
13. The Contractor is qualified and registered to transact business in all locations where required.



- 14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.
  
- 15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the ITB or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, it true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

**2.506 STAFF**

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

**2.507 RESERVED**

**2.508 RESERVED**

**2.509 RESERVED**

**2.6 Breach of Contract**

**2.601 BREACH DEFINED**

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, such a breach may be considered as a default in the performance of a material obligation of this contract.

**2.602 NOTICE AND THE RIGHT TO CURE**

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.



## 2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.
2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

## 2.7 Remedies

### 2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.



In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.
3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

**2.702 RIGHTS UPON CANCELLATION**

Termination Assistance. If this Contract (or any Statement of Work issued under it) is terminated for any reason prior to completion, Contractor agrees to provide for up to six (6) months after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of this Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. Such termination assistance shall be at no additional charge to the State if the termination is for Contractor's Default pursuant to Section 2.602; otherwise the State shall compensate Contractor for such termination assistance on a time and materials basis in accordance with the Amendment Labor Rates identified within this Contract agreement.



**2.703 LIQUIDATED DAMAGES**

- A. The State and the Contractor hereby agree to the specific standards set forth in this Contract. It is agreed between the Contractor and the State that the actual damages to the State as a result of Contractor's failure to provide promised services would be difficult or impossible to determine with accuracy. The State and the Contractor therefore agree that liquidated damages as set out herein shall be a reasonable approximation of the damages that shall be suffered by the State as a result thereof. Accordingly, in the event of such damages, at the written direction of the State, the Contractor shall pay the State the indicated amount as liquidated damages, and not as a penalty. Amounts due the State as liquidated damages, if not paid by the Contractor within fifteen (15) days of notification of assessment, may be deducted by the State from any money payable to the Contractor pursuant to this Contract. The State will notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date the State deducts such sums from money payable to the Contractor. No delay by the State in assessing or collecting liquidated damages shall be construed as a waiver of such rights.
- B. The Contractor shall not be liable for liquidated damages when, in the opinion of the State, incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.
- C. Liquidated damages will be assessed as follows:
  - 1. For 1099G Only: In the event the January 31 mail date is not met by the Contractor, the following penalties are incurred.
    - a. 30 calendar days after January 31: \$15 per return per day, up to a maximum of \$75,000 per calendar year.
    - b. 31 calendar days after January 31 up to August 1: \$30 per return day, up to a maximum of \$150,000 per calendar year.
    - c. After August 1: \$50 per return per day, up to a maximum of \$250,000 per calendar year.
  - 2. Up to \$600/day for personnel costs incurred by the State for problem resolution if forms do not meet specifications in Sections II-B.2.c and II-B.3.c.

**2.704 RESERVED**

**2.705 RESERVED**

**2.8 Changes, Modifications, and Amendments**

**2.801 APPROVALS**

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

**2.802 TIME EXTENSIONS**

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.



## 2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. **IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.**

**The State reserves the right to add an item(s) that is not described on the item listing and is available from the Contract vendor.** The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

## 2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: Records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

## 2.805 CHANGES

(a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:

- (1) In the specifications (including drawings and designs);
- (2) In the method or manner of performance of the work;
- (3) In the Government-furnished facilities, equipment, materials, services, or site; or
- (4) Directing acceleration in the performance of the work.

(a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:

- (1) The date, circumstances, and source of the order; and
- (2) That the Contractor regards the order as a change order.

(b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.



## **BACKGROUND/PROBLEM STATEMENT/TASKS**

### **BACKGROUND/PROBLEM STATEMENT**

The Michigan estimated tax payment forms are personalized remittance coupons that are optically scanned when returned to the financial depository institution(s).

These forms are critical to the collection of taxes by the State of Michigan (State). There is little latitude in the time frame for production or delivery. If the Contractor fails to meet any specifications in this proposal, it is considered a breach of contract and is grounds for cancellation of the contract with no obligation for payment by Treasury. Furthermore, if the Contractor breaches the contract, the Contractor is subject to liquidated damages (see Section I-TT).

By law, the Michigan Department of Treasury is required to mail a 1099G to any taxpayer who received a refund of \$10 or more in the prior calendar year. The notice contains taxpayer name(s) and address, social security number(s), Michigan income tax refund or offset amounts, and tax year for which the refund or offset was made. The 1099G must be mailed no later than January 31 each year or the Contractor is subject to liquidated damages (see Section I-TT).

The Contractor will produce a personalized, sealed mail piece for the Michigan Department of Treasury. The Contractor's responsibilities include printing and forms manufacturing, data processing, personalization, sealing and delivery to the United States Postal Service (USPS).

### **TASKS**

The following is a preliminary analysis of the major tasks involved for developing the end product of this project. The bidder is not, however, constrained from supplementing this listing with additional steps, sub tasks or elements deemed necessary to permit the development of alternative approaches or the application of proprietary analytical techniques.

#### **1. GENERAL REQUIREMENTS**

##### **a. State Printing Act**

All work performed shall be produced in the plant of the Contractor or that of the subcontractor and the subcontractor shall be designated in the bid. Any contractor and subcontractor must be in compliance with Public Act 153 of 1937, as amended.

##### **b. Overtime**

Requests for overtime payment for any item on this Contract will not be paid unless the Contract Administrator specifically requests overtime and Treasury authorizes via a purchase order before work is performed in overtime status.

##### **c. Delivery/FOB Destination and Palletization**

Prices are FOB Destination (freight prepaid) on orders to the USPS Bulk Mail Center (BMC). All orders must be delivered within the specified time frame (see sections II-B.2.g and II-B.3.d). All orders delivered to USPS facilities must be palletized according to USPS requirements and all forms or documents required by the BMC must be completed as required by that facility. Exceptions include orders sent First Class that do not qualify for BMC mailing (mail that does not meet quantity minimums, bad addresses, CASS errors, foreign mail, etc.) These orders must be itemized by quantity and cost on invoice. The Contractor will pay the costs for the First Class shipments and invoice Treasury.

If the mail sort allows delivery to some USPS Sectional Center Facilities (SCF), the Contract Administrator may choose to redirect some shipments to the SCF. The Contractor is required to complete the necessary sorting and paperwork for all BMC and SCF deliveries. If the Contract Administrator chooses to redirect to SCF locations, the Contractor will be asked to quote additional shipping charges, if any. The Contract Administrator will use whichever is lower, the mailer or the State's contractual trucking company.



**d. Service Response**

A customer service representative must be available to respond to questions from the Contract Administrator and other Treasury staff. This representative is expected to respond by phone to telephone inquiries within three (3) business hours and to meet with Treasury representatives in Lansing as deemed necessary by the Contract Administrator. Treasury reserves the right to recommend reassignment of personnel deemed unsatisfactory.

**e. Legislative Delays**

The Contract Administrator cannot authorize printing or mailing until legislation is complete. If pending legislation delays the Contract Administrator's ability to authorize printing (via a purchase order), the printer is not relieved of the obligation to provide service in the number of days originally estimated for each item. Treasury is not liable for the cost of any downtime incurred if legislative delays make it impossible for the Contract Administrator to authorize production.

**f. Calendar Days**

All deliveries are specified in calendar days. This includes Saturday's and Sunday's but does not include the following holidays: New Year's Eve third shift, New Year's day, Memorial day, Independence day, Labor day, Thanksgiving day, Christmas Eve third shift and Christmas Day. Third shift is any shift beginning after 6 p.m.

**g. Lack of Need of Service**

At any time, Treasury may determine that it no longer needs a service outlined in this Contract. Treasury is not obligated to pay for any services that are not authorized via a purchase order. It is also possible that the manufacturing method of an item may need to be changed due to legislation or lack of need for part of the service. Price changes will be negotiated on a case-by-case basis and authorized via a purchase order.

**h. Emergency Plan**

The Contractor shall have an emergency disaster plan to continue providing service without interruption to Treasury. The Contractor shall not be liable for liquidated damages when delays arise out of causes beyond the control and without fault or negligence of the Contractor (see section I-W and I-TT).

**i. Quality Assurance**

The Contractor must guarantee that forms will be produced for every record.

The Contractor must maintain and demonstrate a thorough quality assurance program. Any damaged, mutilated, or illegibly printed mailings MUST be shredded immediately after printing (see Appendix B) and new mailings processed at the Contractor's expense.

**j. Confidentiality**

Final forms package must be assembled and sealed such that a casual observer or mail handler cannot see personalized information excluding names and addresses.

To preserve the confidentiality of the data provided by Treasury, all work must be produced in the Contractor's plant or in a subcontractor's plant. Subcontractors are subject to the same confidentiality provisions as the Contractor.



All agency data must be protected from unauthorized release. Any duplicates of electronic data (tapes, cartridges, CD, diskette, etc.) made for back up must be erased immediately upon completion of the project. All electronic data must be kept under reasonable security to prevent their release to any unauthorized person (see Appendix B). UNDER NO CIRCUMSTANCES SHOULD ANY DATA TAPE OR CARTRIDGE BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL FROM TREASURY. All magnetic media must be returned to the Contract Administrator within thirty (30) days of completion of the work.

The Contractor and all subcontractors handling data will be required to sign a *Vendor, Contractor, Subcontractor Confidentiality Agreement* (Form 3337) provided by Treasury (Attachment A to Appendix B).

**k. Subcontractors**

Subcontractors are subject to the same confidentiality provisions as the Contractor. Personalization, collating and binding must be performed within a single facility.

The approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337) provided by Treasury (Attachment A to Appendix B).

**2. MICHIGAN ESTIMATE TAX PAYMENT FORMS**

**a. Quantity Estimate**

The forms can be produced in one run, but in two groups requiring a plate change between the two groups. The forms bid under this Contract will be printed, personalized, inserted into the outgoing envelope and delivered to the USPS and the Department of Treasury. Forms must be compatible with I-TRAN scanning equipment and must be readable using OCR-A font.

Annual Quantity Estimate: 470,000

<u>Group</u>	<u>Form</u>	<u>Annual Quantity</u>
1	C-8002	120,000
2	MI-1040ES	<u>350,000</u>
Total		470,000

**b. Composition**

All type will be set by the Contract Administrator. The Contract Administrator will provide copy of both groups on camera-ready art, electronic files, or diskettes. There will be two completely separate sets of copy; one for Group 1 and one for Group 2. Identify the secure location this information is stored at the Contractor's site. Indicate the time period that this information is stored after the order is shipped to the USPS.



**c. Current Construction**

1. Form package is made up of the following items:
  - a. One 9-1/2" W x 4-1/8" H (standard #10, open on 9-1/2" side) outgoing white window envelope, 24#, printed two sides in black ink.
  - b. One 8-1/2" W x 14" H instruction sheet, 20# white bond, printed two sides in black ink; folded to 8 1/2"W x 3 1/2" H.
  - c. One 8-1/2" W x 14" H personalized coupon sheet, 24# white bond suitable for MICR encoding, printed one side in black ink. This page contains four OCR-scannable coupons, 8-1/2" W x 3-1/2" H with a perforation between each coupon. Each coupon contains a scanline located 1/2" from bottom edge and 1/2" from right edge. The location of the scanline in relation to the bottom edge of the coupon is critical for scanning. The taxpayer name and address information is printed on each coupon. One coupon mailing address must show through the outgoing window envelope.

Note: Items 2 and 3 may be combined on a 17" by 14" sheet with a perforation at 8 1/2".

2. Perforations must separate the four OCR – scannable coupons.

Attention must be paid to the leading edge of the coupons. This must be a clean edge (i.e. non-perforated, no glue residue). Fold must fall on the perforations.

Perforations must be sufficiently sturdy to withstand mailing but should tear cleanly by hand.

**d. Ink**

Two sides.

One color black for both groups (470,000 total).

OCR ink for scan lines must meet I-TRAN specifications.

**e. Print Standards**

- 1. Personalized information must be created at a minimum of 300 dpi or equivalent.**
2. Scanline must be in OCR-A font scannable by I-TRAN document processors.



**f. Personalization**

The 8-1/2" W x 14" H personalized form sheet contains four OCR-scannable coupons that must be personalized as follows:

1. Both Groups: Each coupon must bear the full name and address of the taxpayer (mailing address). Maximum 8 personalization lines.
2. Both Groups: Each coupon contains a scanline. The scanline must be placed 1/2" from the right edge and 1/2" from the bottom edge of coupon. The location of the scanline in relation to the bottom of each coupon is critical for scanning.
3. Group 1 only: Personalized on each coupon are "Federal Employer Identification Number" (format: 31-1234567) and the "Year End File Date" (format: CCYYMM. Example: The file period "March 2005" should appear "200503").
4. Group 2 only: Personalized on each coupon are "Due Date for Calendar Year Filers" (format: January 15, 2004) and "Social Security Number(s)" (format: 123-45-6789).
5. Group 1, single business tax **fiscal year filers only**: The file period must be personalized in the first address line (flush right) and must show through the window envelope. For example, the file period March 2005 would appear as 2005-03. This file period must be the same date as the "Year End File Date" printed on the individual coupons (see section II-B.2.f.3).

**g. Production Schedule and Data Records**

The following is a general production schedule for the Michigan Estate Tax Payment forms project.

The Contract Administrator will provide two separate magnetic cartridges for variable exchange information and addressing. The cartridges will be prepared on a Unisys A18 computer and will be formatted in 38,000 bpi, 18-track, phase encoded, EBCDIC odd parity, labeled.

Proofs must be delivered to the Contract Administrator within seventy-two (72) hours of receiving copy.

Production Timetable

Copy released to printer.....	November 7
Contractor provides proofs.....	November 10
Proofs approved by Treasury.....	November 16
Test tapes and record layouts released.....	December 4
Contractor provides Test 1 (construction proof).....	December 11
Test 1 approved*.....	December 15
Contractor provides Test 2 (test coupons).....	December 21
Test 2 approved. Production tapes released. Production authorized....	January 5
Contractor provides Test 3 for Group 2 (sample production records) .....	January 10
Group 2, MI-1040ES, delivered to USPS.....	January 26
Contractor provides Test 3 for Group 1 (sample production records) .....	January 27
Group 1, C-8002 calendar, delivered to USPS .....	February 7
Group 1, C-8002 fiscal, delivered to Treasury .....	February 10
Contractor provides Test 4 for both groups .....	February 12

\* Printing of instructions and envelopes is authorized AFTER the Legislature has adjourned. Printing of envelopes can be done before the Legislature adjourns. Personalization of vouchers is authorized AFTER successful testing of vouchers at financial institution.



#### **h. Manufacture**

Treasury is not bound to any specific manufacturing platform subject to requirements in Section II-B. The specifications in Section II-B address the basic design and needs the product and services must meet. The Contractor, therefore, is not bound to a production method that is inefficient for their plants. The Contractor is encouraged to propose a product that will meet the specifications and that is most efficient for their plant, hence most cost-effective for the State.

#### **i. Testing**

Test 1: Using the test data the Contract Administrator provides, the Contractor must produce a plain paper test with a transparent overlay or convert to a PDF file. Test must show all personalization, as it will appear on the final document.

Test 2: The Contractor must also produce up to one hundred (100) fully personalized pre-printed testing coupons for both form groups (these forms must be separated). Testing will be done at Treasury's current depository institution. Production data will not be released until a successful test is completed.

Test 3: The Contractor must duplicate the first ten (10) production records of each group. The forms must be personalized and then sent by overnight mail (or fax) to the Contract Administrator for approval on the same day they are personalized. This allows the State to verify live production without a separate setup and before work is completed. Treasury reserves the right to alter production if these test samples are unsatisfactory per specifications.

Test 4: The Contractor will personalize every 1000th form of the production run with a 'Z' file. The Contractor should use these forms to verify the quality of the personalization and the accuracy of the data. These forms should be forwarded to the Contract Administrator for review within five (5) days of production. The Contract Administrator may choose not to require this test or to reduce the frequency of this test if the manufacturing method does not warrant it.

#### **j. NCOA – OPTIONAL PRICING – GROUP 2 ONLY**

The entire file must be processed against the National Change of Address (NCOA) file (subcontractor must be specified in the bid if applicable). The Contractor must have the ability to select and update all moves that occur after May 1<sup>st</sup> of mailing tax year and to treat all addresses as NCOA move type "individual" (vs. "family" or "business" move) in the match logic.

#### **k. Address Files and ZIP Code Sorting**

1. The Contractor will receive separate magnetic tapes/cartridges for each group.

*Group 1* will contain two separate tapes for the single business tax estimates. One of these tapes will contain calendar-year filers (approximately 90,000). This tape must be matched against a carrier route sort tape and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State. The other tape in this set will contain fiscal-year filers (approximately 30,000). **DO NOT MATCH THIS TAPE AGAINST A CARRIER ROUTE FILE.** This tape is sorted by 5-digit presort and by the filing period for each filer. Deliver these forms, IN ORDER OF THE TAPE (ascending order by file period), to the Michigan Department of Treasury (See "Mailing" section II-B.2.m) where they will be mailed throughout the year.

*Group 2* tape will contain the files for the individual income tax estimates (approximately 350,000). This tape must be matched against a carrier route sort tape and prepared for automated carrier route mailing or non-automated carrier route mailing to ensure the best possible postal rates for the State.



2. The Contractor must process information according to USPS Standard A Mail requirements for CASS.
3. The Contractor must determine and personalize the correct Delivery Point Bar Code. Addressing and bar coding must meet USPS guidelines for position and readability.

**I. Packing Group 1 Single Business Tax Fiscal Year Forms**

The fiscal year forms shall be delivered to the Michigan Department of Treasury (see section II-B.2.m.3) where they will be mailed throughout the year.

1. Package only one month/file period in a box. Do not mix months in the same box.
2. Boxes must be labeled on end (not on top). For example: There are 8 boxes for the month 3 (March).

Box 1 is labeled:  
 SBT Fiscal Year Filers  
 Month 3  
 Box 1 of 8

Box 5 is labeled:  
 SBT Fiscal Year Filers  
 Month 3  
 Box 5 of 8

**m. Mailing**

1. Mail Specifications
  - a. Mail Sort: Presort standard rate. Before personalizing, the Contractor must match data with a USPS qualified zip-code and presort standard rate sort program, append the carrier-route code, apply the correct PostNet barcode, postal qualify the file and prepare for delivery to the post office. Subcontractors for the postal sorting are acceptable, but must be specified and a copy of the subcontractor’s current CASS certificate must be provided. Quality of barcode must meet USPS guidelines.
  - b. Prior to production each year, the Contractor must take a sample of both the C-8002 and MI-1040ES to the U.S. postal facility being used for the mailings to verify the packet is acceptable as presented and can be mailed at the lowest possible qualifying rate. The Contractor must provide USPS with a detailed description of the packet construction for USPS signature and provide the Contract Administrator with a signed copy verifying both pieces are acceptable for mailing and the rate classification at which it will be mailed. **The Contractor will be responsible for any mailing charges above the mailing rate provided to the Contract Compliance Inspector.**
  - c. The Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after January 15 but before January 27 for the Group 2 (MI-1040ES) coupons; and after February 7 but before February 11 for the Group 1 (C-8002) calendar year coupons.
  - d. At least three (3) working days before forms are delivered to the USPS, the Contractor must notify the Contract Administrator via fax or e-mail of the scheduled drop using the *Notice of Mail Drop to Treasury USPS Permit* (Form 2562) provided by the Contract Administrator. Upon receiving this notice, the Contract Administrator will deposit the proper funds into the permit account. The post office will reject deliveries that are not supported by adequate funds in the account.

2. Proof of Mailing

Within three (3) working days after the forms have been mailed to taxpayers, the Contractor must send to the Contract Administrator (section I-D) a copy of U.S. Postal Service form, *Statement of Mailing with Permit Imprints* (Form 3602) for each delivery (partial or whole) to the post office. This



U.S. Postal Service form must be clearly marked with the name and form number of the form being mailed.

The proof of mailing must be accompanied by either the original confidential tax information provided for creation of the Michigan Estimate Tax Payment forms (electronic media or camera ready) or proof that the original information is ready for destruction. The Contract Administrator will confirm with the Contractor that original confidential tax information can be destroyed after the Contract Administrator receives the "Notice of Mail Drop to Treasury USPS Permit" (Form 2562). Records must be kept of information destroyed in accordance with Appendix B.

3. Shipping Address

Group 1, C-8002, fiscal-year forms, ship to:

Michigan Department of Treasury  
Tranter Building  
735 Hazel Street  
Lansing, MI 48912

All other Forms, ship to:

United States Postal Service (USPS)

3. 1099-G FORM

a. Basic Construction

In past years, the 1099G form has been manufactured and mailed as a double postcard. Due to new USPS requirements for a double postcard (as specified in Domestic Mail Manual Section C100), Treasury is looking for new manufacturing processes to securely mail 1099G information (see section II-B.3.c).

1. Quantity: 1.4 million 1099G forms annually. Quantity is estimated and varies based on annual records. Exact record counts will not be available until production data is run. The Contractor will be required to produce one form for each record on file.
2. Ink: Black printed two sides.
3. Confidentiality: The final document must be sealed such that a casual observer or mail handler cannot see Social Security number(s), refund amounts, interest amounts, and the tax year.
4. Copy: The Contract Administrator will provide either camera-ready copy, electronic files, or diskettes.

b. Form Personalization

The Contractor will personalize each form with variable information from data provided by the Contract Administrator. Personalization must be performed in a single pass so data will be kept synchronized. All personalization must be in black ink. One hundred percent (100%) retrieval of all the variable information from the production data is required. Personalization and sealing must be performed in the same facility. Personalization includes name(s), address, Social Security Number(s), refund amount, interest amount and tax year.

c. Manufacture

Treasury is not bound to any specific manufacturing platform subject to requirements in Section II-B. The specifications in Section II-B address the basic design and needs the product and services must meet.



**d. Production Schedule and Data Records**

The following is a general production schedule for the 1099G project.

The Contract Administrator will provide two separate magnetic cartridges for variable exchange information and addressing. The cartridge will be prepared on a Unisys A18 computer and will be formatted in 38,000bpi, 18-track, phase encoded, EBCDIC odd parity, labeled.

Copy released to Contractor .....	November 6
Contractor provides proof.....	November 13
Test tapes released and proof approved .....	November 14
Contractor provides Test 1 (mail-ready proof ) .....	December 11
Test 1 approved .....	December 15
Contractor provides Test 2 (production samples).....	January 2
Test 2 approved and production tapes released.....	January 5
Vendor provides Test 3 (production samples) .....	January 19
Mail date.....	January 20
Vendor provides Test 4 .....	January 25

Treasury is bound by statute to mail the 1099G on or before January 31. Any late mailing of these forms is considered a breach of contract and subject to liquidated damages (see Section I-TT).

**e. Testing**

Test 1: The Contract Administrator will provide test data from which the Contractor must produce a construction proof with a personalized overlay. Test proof must show all personalization as it will appear on the final document. Production tapes will not be released until a successful test is completed.

Test 2: The Contractor must provide twenty-five (25) sample copies fully sealed and mail ready.

Test 3: The Contractor must duplicate the first twenty-five (25) records on each production tape. These forms must be printed at the beginning of each production run then sent by overnight mail on the same day they are personalized to the Contract Administrator for approval. The State reserves the right to alter production if these test samples are unsatisfactory.

Test 4: The Contractor will personalize every 1000th form of the production run with a 'Z' file. The Contractor should use these forms to verify the quality of the personalization and the accuracy of the data. These forms should be forwarded to the Contract Administrator for review within five (5) days of production. The Contract Administrator may choose not to require this test or to reduce the frequency of this test if the manufacturing method does not warrant it.

**f. NCOA – OPTIONAL PRICING**

The entire file must be processed against the National Change of Address (NCOA) file (subcontractor must be specified in the bid if applicable). The Contractor must have the ability to select and update all moves that occur after May 1<sup>st</sup> of the mailing tax year and to treat all addresses as NCOA move type “individual” (vs. “family” or “business” move) in the match logic.

**g. Mailing**

**1. Mail Specifications**

- a. Mail Sort: 1st class carrier-route rate. Before personalizing, the Contractor must match data with a USPS qualified zip code and 1st class carrier-route sort program, append the carrier-route code, apply the correct PostNet barcode, postal qualify the file and prepare for delivery to the post office. Subcontractors for the postal sorting are acceptable, but must be specified in the bid and a copy of the subcontractor’s current CASS certificate must be included with the bid. Quality of barcode must meet USPS guidelines.



- b. Prior to production each year, the Contractor must provide a 1099G sample to the U.S. Postal facility being used for the mailings to verify the piece is acceptable as presented and can be mailed at the lowest possible qualifying rate. Contractor must provide USPS with a detailed description of the piece construction for USPS signature and provide the Contract Administrator with a signed copy verifying the piece is acceptable for mailing and the rate classification at which it will be mailed.
- c. The Contractor is to deliver forms to the USPS that provides the best overall economies of scale for the State after January 15 but before January 31 for the Michigan 1099G form.
- d. At least three (3) working days before forms are delivered to the USPS, the Contractor must notify the Contract Administrator via fax or e-mail of the scheduled drop using the *Notice of Mail Drop to Treasury USPS Permit* (Form 2562) provided by the Contract Administrator. Upon receiving this notice, the Contract Administrator will deposit the proper funds into the permit account. The post office will reject deliveries that are not supported by adequate funds in the account.

2. Proof of Mailing

Within three (3) working days after the forms have been mailed to taxpayers, the Contractor must send to the Contract Administrator (section I-D) a copy of U.S. Postal Service form, *Statement of Mailing with Permit Imprints* (Form 3602) for each delivery (partial or whole) to the post office. This U.S. Postal Service form must be clearly marked with the job name (Michigan 1099G).

The proof of mailing must be accompanied by either the original confidential tax information provided for creation of the 1099G form (electronic media or camera ready) or proof that the original information is ready for destruction. The Contract Administrator will confirm with the Contractor that original confidential tax information can be destroyed after the Contract Administrator receives the "Notice of Mail Drop to Treasury USPS Permit" (Form 2562). Records must be kept of information destroyed in accordance with Appendix B.

3. Shipping

Ship Michigan 1099G forms to the United States Postal Service (USPS)



**PRICE SHEET  
1040ES AND C-8002 ESTIMATES**

**A. Printing**

Item	Annual Quantity (est.)	Printing \$/M (include Ag Ink and 1 dylux)	Annual Cost (Price/M x Quantity)	Total Price (x 3 years)	Negative/each	Add'l Dylux/each	2 <sup>nd</sup> Color
MI-1040ES	350,000	\$117.49	\$41,120.00	\$123,360.00			
+/- 10% Add'l/M		\$117.49					
C-8002	120,000	\$117.49	\$14,098.29	\$ 42,294.86			
+/- 10% Add'l/M		\$117.49					
<b>TOTALS</b>	<b>470,000</b>		<b>\$55,218.29</b>	<b>\$165,654.86</b>			

**B. Paper**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Price (x 3 years)	Roll Size
MI-1040ES	350,000	10,000	\$40.00	\$4,000.00	\$12,000.00	18"
+/- 10% Add'l/M		29				
C-8002	120,000	3,450	\$40.00	\$1,380.00	\$ 4,140.00	18"
+/- 10% Add'l/M		29				
<b>TOTALS</b>	<b>470,000</b>			<b>\$5,380.00</b>	<b>\$16,140.00</b>	



**C. Envelopes**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Price (x 3 years)
MI-1040ES	350,000	4,500	\$45.00	\$2,025.00	\$6,075.00
+/- 10% Add'l/M		13			
C-8002	120,000	1,520	\$45.00	\$ 684.00	\$2,052.00
+/- 10% Add'l/M		13			
<b>TOTALS</b>	<b>470,000</b>			<b>\$2,709.00</b>	<b>\$8,127.00</b>

**D. GRAND TOTAL COST**

Item	One-Year Total	Three-Year Total
MI-1040ES	\$41,120.00	\$123,360.00
C-8002	\$14,098.29	\$ 42,294.86
<b>TOTALS</b>	<b>\$55,218.29</b>	<b>\$165,654.86</b>

**E. Additional Pricing**

**(1) NCOA Updating**

Item	One-Year Cost Estimate	Three-Year Cost Estimate
NCOA both MI-1040ES and C-8002	<b>\$1,617.00</b>	<b>\$4,851.00</b>

**(2) Postage**

Item	Annual Quantity (est.)	Postage Cost per Piece	Total Annual Postage Cost	Total Postage Cost (x 3 years)
MI-1040ES	350,000	\$0.278	\$97,300.00	\$291,900.00
C-8002	120,000	\$0.278	\$33,360.00	\$100,080.00
<b>TOTAL</b>	<b>470,000</b>		<b>\$130,660.00</b>	<b>\$391,980.00</b>



**(3) Overtime**

Item	Hourly Overtime Rate
MI-1040ES	<b>\$150.00</b>
C-8002	<b>\$150.00</b>

**(4) Additional Shipping Charges**

Item	Cost to Ship to Additional SCF Locations
MI-1040ES	Included
C-8002	Included
<b>Total</b>	<b>Included</b>



**PRICE SHEET  
1099G**

**A. Printing**

Item	Annual Quantity (est.)	Printing &/M (include Ag Ink and 1 dylux)	Annual Cost (Price/M x Quantity)	Total Price (x 3 years)	Negative/each	Add'l Dylux/each	2 <sup>nd</sup> Color
1099G	1,400,000	\$55.13	\$77,175.00	\$231,525.00	\$25.00	\$25.00	\$65.00
+/- 10% Add'l/M		\$55.13					
<b>TOTALS</b>	<b>1,400,000</b>		<b>\$77,175.00</b>	<b>\$231,525.00</b>			

**B. Paper**

Item	Annual Quantity (est.)	Annual Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	Total Cost (x 3 years)	Roll Size
1099G	1,400,000	5,100	\$40.50	\$2,065.50	\$6,196.50	18"
+/- 10% Add'l/M		4				
<b>TOTALS</b>	<b>1,400,000</b>			<b>\$2,065.50</b>	<b>\$6,196.50</b>	

**C. Envelopes**

Item	Annual Quantity (est.)	Estimated Tonnage	Paper Cost (cwt.)	Annual Cost (Tonnage x Paper Cost)	3-Year Total Cost
1099G	1,400,000	19,080	\$45.00	\$8,586.00	\$25,758.00
+/- 10% Add'l/M		13			
<b>TOTALS</b>	<b>1,400,000</b>			<b>\$8,586.00</b>	<b>\$25,758.00</b>

**D. GRAND TOTAL COST**

Item	One-Year Total	Three-Year Total
1099G	\$ 77,175.00	\$ 231,525.00
Postage Estimate	\$389,200.00	\$1,167,600.00
<b>Package Total</b>	<b>\$466,375.00</b>	<b>\$1,399,125.00</b>

Postage is based on a First Class Letter Size Rate 5 Digit Automated which is \$0.278 each.



**E. Additional Pricing**

**(1) NCOA Updating**

Item	One-Year Cost Estimate	Three-Year Cost Estimate
NCOA for 1099G	\$3,381.00	<b>\$10,143.00</b>

**(2) Postage**

Item	Annual Quantity (est.)	Postage Cost per Piece	Total Annual Postage Cost	Total Postage Cost (x 3 years)
1099G	1,400,000	\$0.278	\$389,200.00	<b>\$1,167,600.00</b>

**(3) Overtime**

Item	Hourly Overtime Rate
1099G	<b>\$150.00</b>

**(4) Additional Shipping Charges**

Item	Cost to Ship to Additional SCF Locations
1099G	<b>Included</b>



## SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA

This section sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan applicable to the State of Michigan and in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

### I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in 1941 PA 122, as amended, MCL 205.28(1)(f), which states in part that subject to the same restrictions and penalties imposed upon department employees on the treatment of confidential information, a private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State.

### II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained within section MCL 205.28(1)(f) and MCL 205.28(2) of the Michigan Department of Treasury Revenue Act, which state in part;

“Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.”

“A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than \$5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction.”

All information obtained by either Treasury or Contractor will not be disclosed except as necessary for the proper administration of and execution of the Contract. In the event, confidentiality statutes are amended, the State will notify Contractor of any changes.

No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency, to any other state or nation, or unauthorized third party. No tax returns or tax return information provided to Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Administrator. Michigan's tax returns and tax return information remain the property of the Department of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract.

Information received by the Michigan Department of Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other U.S. federal Agency will only be subject to the exchange if received as part of the State of Michigan tax return filing requirements.



**III. Procedure for Security**

At a minimum, Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and Officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in the Contract. The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours as well as non-duty hours or when not in use.
- C. All personnel who will have access to the tax returns and to any records created by the tax return information will be advised of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28(1)(f) and (2).
- D. All confidential information, which includes, but is not limited to, data stored electronically and any related output and paper documents will be secured from unauthorized access and with access limited to designated personnel only. Michigan tax return information will not be commingled with other information. Further, when appropriate, Michigan tax return information will be marked as follows:

**CONFIDENTIAL-MICHIGAN TAX RETURN INFORMATION**  
**Protect at all times. Do not disclose.**  
**MI tax information is exempt from disclosure**  
**under the Freedom of Information Act.**

- E. The records will be transported under appropriate safeguards as defined in the Contract.
- F. The Department of Treasury, Disclosure Officer or Contract Administrator may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.
- G. The Michigan Department of Treasury, Disclosure Officer, may monitor compliance of systems security requirements during the lifetime of the Contract.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as provided in the Contract.

**IV. Computer System Security of Tax Data**

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by the Michigan Department of Treasury as follows (these guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

**A. Controlled Access Protection –Common Criteria (C2)**

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls – (C2). These security standards are delineated in the “Common Criteria for Information Technology Security Evaluation” (CCITSE) at [http://www.radium.ncsc.mil/tpep/library/ccitse/cc\\_over.html](http://www.radium.ncsc.mil/tpep/library/ccitse/cc_over.html). To meet these standards, the



operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.
- 2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.

**a) On-line Access** –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.

Any employee granted access privileges through the Contractor’s Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury Disclosure Officer. The on-line access will be provided by Treasury’s Office of Security.

**b) Operating Features of System Security**

Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

- i. Access rights to confidential tax information must be secured through appropriate levels of authorization.
- ii. An audit trail must be maintained of accesses made to confidential information.
- iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.
- iv. Hard copies made of confidential tax return information must be labeled as confidential information.
- v. Confidential Treasury tax information will be blocked or coded as confidential on system.
- vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

**NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES**

*This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Michigan Department of Treasury Revenue Act, MCL 205.28(10(f)(1), (2), prohibits such disclosure. A person making a willful unauthorized*



*disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:*

**MICHIGAN PENALTIES**

*The Michigan Revenue Act imposes criminal penalties up to \$5,000 and/or imprisonment for 5 years, plus costs and dismissal from employment if it is found that an employee has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters.*

This statement is subject to modification. A confidentiality statement, subject to modification, as needed, will be sent annually by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
  - a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Administrator. Notice of the corrective action must be provided to the Contract Administrator. All non-conformities must be reported to the Contract Administrator with the following:
    - a. Duration of non-conformity/interruption
    - b. Reason for non-conformity/interruption
    - c. Resolution.
  - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four (4) hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four (4) hours to the Contract Administrator for approval.
- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator’s guide. The security administrator’s guide is addressed to the System’s Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

**Note:** When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with



knowledge of information technology and applications to oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

#### **V. Electronic Transmission of Michigan Tax Information**

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and the use of guided media. Encryption involves the altering of data objects in a way that the objects become unreadable until deciphered. Guided media involves the use of protected microwave transmitting or the use of end-to-end fiber optics.

The Department of Information Technology (DIT) has defined encryption standards in DIT Standard 1410.17 section 6.5 which must be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with associated certification infrastructure.

Unencrypted cable circuits of fiber optics is an alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio transmission. Additional precautions will be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

#### **A. Remote Access**

Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For dial up access, the system must require an identification security card that requires both PIN and card in possession. According to DIT- Procedure 1410.17 (4.1), dial in access into any connected state network will only be permitted after a dial-in user has been authenticated. Authentication is provided through ID and password.

#### **VI. Record Keeping Requirements for Information Received in a Paper Format**

Each Contractor employee or contractor requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

- a. Taxpayer's name
- b. Identification number
- c. Information requested
- d. Purpose of disclosure request
- e. Date information received
- f. Name of Agency/Division and employee making request
- g. Name of other employees who may have had access
- h. Date destroyed
- i. Method of destruction

#### **A. Electronic Media**

Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

#### **B. Recordkeeping Requirements of Disclosure Made to State or Federal Auditor General**

When disclosures are made by Contractor to State or Federal Auditors, these requirements pertain only in instances where the Auditor General's staff extracts Michigan tax returns or tax information for further review and inclusion in their

work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape



format or through other electronic means, the identification will contain the approximate number of taxpayers records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

### **VII. Contract Services**

The following language will be included in any contract entered into by Contractor with a subcontractor if the subcontractor will process Michigan tax return information provided under this Safeguard Provision.

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

#### Definition of Treasury Tax Return Information

Treasury tax return information is defined in RAB 1989-39 as follows:

Taxpayer's identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer's return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term "tax return information" also includes any and all account numbers assigned for identification purposes.

An acknowledgment that a taxpayer has filed a return is known as a "fact of filing" and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the sub-contractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.

The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor's computer facility, and no output will be retained by the subcontractor at the time the work is completed. If immediate purging of all data storage components is not possible, the subcontractor will certify that any Michigan data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.

Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used.

Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.



The Contractor will be responsible for ensuring that each employee authorized to access Michigan tax information has signed the *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) and provide a copy to the Department of Treasury, Disclosure Officer and Contract Administrator.

No work involving information furnished under the contract between Contractor and a subcontractor will be further subcontracted without the specific approval of the Michigan Department of Management and Budget. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Administrator.

### **VIII. Transport of Tax Information**

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Administrator.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce.

Any such incidents must be reported to the Contract Administrator immediately.

### **IX. Disposal of Tax Information**

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to effect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

Disk media must be destroyed by overwriting all data tracks a minimum of three times or running a magnetic strip over and under entire area of disk at least three (3) times. If the CD or DVD cannot be overwritten it must be destroyed in an obvious manner to prevent use in any disk drive unit and discarded. Hand tearing, recycling, or burying information in a landfill are unacceptable methods of disposal. Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section V of this section) for more details.

### **X. Security Responsibility**

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.



Michigan tax return information will be made available only to individuals authorized by the Contract. State and Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Administrator.

**XI. Effective Date**

Attachment A

These Safeguard requirements will be reviewed whenever the Contract modifications include processes that affect tax data.

Reset Form

Michigan Department of Treasury  
3337 (Rev. 10-03)

**Vendor, Contractor or Subcontractor Confidentiality Agreement**

The Revenue Act, Section 28(1)f, 1941 PA 122, MCL 205.28(1)(f), makes all information gained in administering taxes confidential, except as otherwise provided in the Act. The Act holds a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury to the strict confidentiality provisions of the Act. Confidential tax information includes, but is not limited to, information obtained in connection with administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

**INSTRUCTIONS:** Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you sign and date this form, keep a copy for your records. Send the original to: Michigan Department of Treasury, Office of Policy Communications and Disclosure, Disclosure Officer, 430 W. Allegan, Lansing, MI 48922.

Company Name and Address (Street or RR#, City, State, Zip Code)	Official or Employee Name
	Employee Identification Number or Driver's License Number
Name of State of Michigan Agency	Sub-Contractor's Name if Product/Service Furnished to Contractor
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency.	

**Confidentiality Provisions. It is illegal to reveal or inspect (browse), except as authorized:**

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be necessary for the performance of official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a **need-to-know** basis only. Disclosure of return information to other employees of your department, agency, division or office, must meet **need-to-know** criteria and be required to perform official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC 205.1003(3)

**Penalty. Violating confidentiality laws is a felony, with penalties as described:**

**Michigan Penalties**

The Michigan Revenue Act, 1941 PA 122, MCL 205.28(2), imposes criminal penalties of up to \$5,000 and/or imprisonment for five years, plus costs of prosecution, if it is found that an individual has made an unauthorized inspection or disclosure of a tax return or tax return information or divulged audit selection criteria or processing parameters. Inspection (browsing) is defined as examining a return or return information without authorization and without a need to know the information to perform official duties.

Any person who violates **any** other provision of the Revenue Act, 1941 PA 122, MCL 205.1, et. seq., or any statute administered under the Revenue Act, will be subject to a misdemeanor conviction with a fine of up to \$1,000.00, or imprisonment for up to one year, or both. MCL 205.27(4).

**Federal Penalties**

The Internal Revenue Code (IRC), Section 7213, 26 USC 7213, imposes a felony penalty up to \$5,000 and/or imprisonment of not more than five years, plus cost of prosecution, for willful **disclosure** to any person of federal tax return and tax return information obtained by the Michigan Department of Treasury under its agreement with the IRS. In addition to the above penalties, IRC Section 7213A, 26 USC 7213A, imposes a fine up to \$1,000 and/or imprisonment up to one year, plus cost of the action, for unauthorized **inspection (browsing)** of federal tax return or tax return information.

The IRS amended IRC Section 7431, 26 USC 7431, to provide an expanded cause of action for civil damages for unauthorized inspections, as well as disclosures of returns or return information. The IRS must notify the affected taxpayer if a federal or state employee or contractor is criminally charged under either of the above IRC sections. The injured taxpayer may bring civil action within two years against the United States and against the employee or contractor. The penalty is \$1,000 or actual damages sustained by the taxpayer, plus cost of the action and attorney's fees.

CERTIFICATION		
I acknowledge that I have read this Agreement, which is intended to help me understand applicable Michigan and Federal law related to the protection of confidential information. I understand that failure to comply with applicable law, including the laws referenced in this Agreement, may subject a violator to criminal and civil penalties.		
Print name of person signing this agreement	Signature of person named above	Date signed
WITNESS		
Print name of witness	Signature of witness	Date signed



PUBLIC ACT No. 153

HOUSE ENROLLED ACT NO. 112

PASSED DURING THE REGULAR SESSION OF 1937

Introduced by Messrs. Rahoil Hailwood and Thomas L. Smith

An ACT relative to printing for the state of Michigan; to establish the requirements of responsible bidders, to prescribe penalties for the violation of the provisions of this act; and to repeal all acts and parts of acts inconsistent with the provisions of this act.

*The People of the State of Michigan enact:*

Section 1. All printing for which the state of Michigan is chargeable, or which is paid for with funds appropriated wholly or in part by the state, excepting that which is printed for primary school districts, counties, townships, cities, villages, and/or legal publications ordered for or by elective state officers, must be printed within the state of Michigan, and shall bear the label of the branch of the allied printing trades council of the locality in which they are printed, except under the following conditions:

1. Printing firms not having the use of the allied printing trades council union label and who are desirous of presenting bids for printing as enumerated above shall be required to establish consideration as a responsible bidder as follows:
  - a. As a condition to consideration as a responsible bidder printing concerns must file with the secretary of state a sworn statement to the effect that employees in the employ of the concern which is to produce such printing are receiving the prevailing wage rate and are working under conditions prevalent in the locality in which the work is produced.
  - b. Whenever a collective bargaining agreement is in effect between an employer and employees who are represented by a responsible organization which is in no way influenced or controlled by the management, such agreement and its provisions shall be the minimum requirements for being adjusted a responsible bidder under this act.
  - c. Printing firms having the use of the allied printing trades council union label shall be deemed as having complied with the provisions of this act, but nothing in these provisions shall be constructed as exempting such bidders from any provision of the act, and such bidders shall also be required to conform with all of its provisions.
2. State-owned printing establishments in Jackson prison and the boys' industrial school at Lansing shall be exempt from the above provisions: *Provided, however*, that these institutions shall not perform printing other than the needs and requirements of these institutions.

Section 2. Any officer or employee of the state who shall accept any printed matter, or is found to have had printed matter produced under conditions other than set forth in this act, and which is paid for with funds appropriated wholly or in part by the state, shall be subject to a fine of fifty dollars for each and every offense.

Section 3. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.  
(Signed by the Governor, July 3, 1937.)