

Statement of Work for

Cigarette Tax Stamp Vendor

ISSUING OFFICE:

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES**

INVITATION FOR BID NUMBER:

6100064552

DATE OF ISSUANCE

01/05/2026

10:00 AM EST

1. CONTRACT SCOPE/OVERVIEW:

The Commonwealth of Pennsylvania (CoPA), Department of Revenue (DOR), requires the manufacturing and supply of secure, high-quality cigarette tax stamps that comply with all state requirements and ensure the Commonwealth's proper tracking of tobacco product sales within the Commonwealth.

This Statement of Work (SOW) establishes the basis and requirements for the manufacturing and supply of secure, high-quality cigarette tax stamps. The selected vendor will be required to provide a written, signed Certification of Eligibility (Attachment 1 – *Certification of Eligibility Requirements*) to certify its ability to comply with and fully satisfy all requirements of this solicitation.

The contract awarded will be comprised of this SOW, all attachments, and the Commonwealth Terms and Conditions, which collectively govern the contractual relationship between the parties.

Department of General Services will be issuing a pre bid conference on 01-14-2026 at 2:00 pm EST via Microsoft Teams. All interested parties should contact Dan Covell via email at dcovell@pa.state to RSVP by close of business on 01-12-2026. The purpose of this conference is to provide opportunity for clarification of the IFB. Bidders should forward all questions before the pre-bid conference. Bidders may also ask questions at the conference. In view of the limited facilities available for the conference, Bidders should limit their representation to two individuals per Bidder. The pre-bid conference is for information only. Any answers furnished during the conference will not be official until they have been verified, in writing, by the Issuing Office. Failure to attend the pre-bid conference shall disqualify a Bidder from consideration for the contract to be awarded from this IFB, and its bid will be returned unopened.

A. BACKGROUND

DOR currently utilizes cigarette tax stamps as part of its revenue collection and enforcement framework to ensure compliance with state tobacco tax laws. These tax stamps serve as both a visual indicator of tax payment and a deterrent against illicit trade in untaxed tobacco products.

The DOR is seeking to procure secure, high-quality tax stamps incorporating multiple overt and covert security features to prevent counterfeiting. These stamps are used by licensed Cigarette Stamping Agents ("CSAs") to affix to cigarette packs before distribution and sale within the state. DOR has requested

to have two options named in this Invitation for Bid (IFB). Option 1, referenced as Direct Shipment, is the production and direct shipment of stamps to Harrisburg, PA, FOB Destination. Option 2, referenced as Additional Services, requires the vendor to produce, warehouse and ship stamps directly to both CSA locations collect and to Harrisburg, PA, FOB Destination. Additional information can be found under section B. Scope of Work, Additional Services. For evaluation purposes, the cost for Option 2 will be added to the Cost for Option 1 to determine the overall cost if DOR opts to proceed with Option 2. If DOR selects Option 1, only the costs submitted for Option 1 will be evaluated.

The Pennsylvania DOR seeks to ensure a seamless transition from its current contracted solution to avoid disruption in the required supply of tax stamps. The continuation of the CoPA program is essential for maintaining compliance, preventing tax evasion, and securing tobacco tax revenues, which contribute significantly to CoPA's funding and public health initiatives.

B. SCOPE OF WORK

OPTION 1- Direct Shipment

DOR seeks a vendor who shall manufacture cigarette tax stamps incorporating the required security features (e.g., holograms, microprinting, color-shifting inks, etc.). The qualified vendor shall comply with all requirements in the SOW and with the CoPA Terms and Conditions contained in Invitation for Bid 6100064552 and meet all attached specifications. All bidders are required to provide pricing for Option 1.

- General specifications for all Tax Stamps are located in Attachment 2

All cigarette tax stamps shall be shipped directly to the Department of General Services (DGS) Warehouse located in Harrisburg, Pennsylvania. Delivery shall be made on an FOB Destination basis. The Contractor shall be responsible for all freight charges, as well as the risk of loss or damage, until the shipment is received and accepted by the DGS Warehouse in Harrisburg, Pennsylvania.

- Refer to Attachment 2 – Specifications for All Tax Stamps.
- Refer to Attachment 3 – Item 11 for PA State specifications.
- Refer to Attachment 4 – Item 9 for Philadelphia specifications.

OPTION 2- Additional Services

DOR is also seeking pricing with respect to the shipping logistics and warehousing methods of the tax stamps as described below. If these additional services are selected, all stamps will be directly shipped to both CSAs and the DGS Warehouse. Stamps shipped directly to CSAs will be shipped collect. Stamps shipped to the DGS Warehouse in Harrisburg, PA, will be shipped FOB Destination. All bidders are required to provide pricing for Option 2.

Eligible bidders are required to submit pricing for all items listed under both the Direct Shipment and Additional Services tabs within Attachment 5 – Cigarette Tax Stamp 2026 Cost Submittal Sheet. The additional service charge will be in addition to the cost of the stamp production found on Tab 2, Option 1 – Direct Shipment (Rolls & Sheets).

- Fulfillment Services- The Storage, Packing and Shipping of Tax Stamp Material to DGS Warehouse & Cigarette Stamping Agents.

The selected vendor shall maintain requisite inventory of cigarette tax stamps and deliver the cigarette tax stamps directly to qualified CSAs & DGS Warehouse in accordance with the Eligibility Requirements as outlined in Attachment 1.

Pricing for the additional services must include the following costs –

1. The physical storage of the stickers.
2. The picking, packing and cartoning of the tax stamps for shipment from the vendor's warehouse.
3. Preparing and creating the shipping label.
4. Any costs incurred by the vendor for printing cigarette tax stamps in advance of shipment shall be borne solely by the vendor. The vendor shall not invoice DOR for such tax stamps until the corresponding shipment has been delivered and accepted by the CSA's.
5. Stamps shipped to CSA's will be shipped collect and stamps shipped to DGS Warehouse will be FOB Destination.
6. The cost of furnishing the reporting required by DOR
 - Refer to Attachment 2 – Specifications for All Tax Stamps.
 - Refer to Attachment 3 – Item 11 for PA State specifications.
 - Refer to Attachment 4 – Item 10 for Philadelphia specifications.

A. DIRECT SHIPMENT OF TAX STAMPS TO CSAs & DGS WAREHOUSE:

The DOR is requesting vendors provide optionality in shipping including a process for shipping tax stamps directly to its licensed CSAs. Vendors who offer this service if selected by DOR will receive an electronic file of orders daily and shall ship the tax stamps within one business day of receiving the

order. The electronic file will contain a shipping account number the vendor shall utilize for shipping label/payment purposes.

Stamps shipped to CSAs will be shipped collect and stamps shipped to DGS Warehouse located in Harrisburg, PA will be FOB Destination.

Vendor shall allow DOR to purchase tax stamps outside of the direct shipment process. DOR shall issue written order requests to the vendor for the type and quantity of rolls/sheets of tax stamps needed no later than 6 (six) weeks prior to the approximate delivery date when direct to CSA is not utilized. The vendor shall be responsible for the safe and proper delivery of tax stamps as specified.

B. FILE TRANSFER SPECIFICATIONS FOR DIRECT TO CSA SHIPMENT OPTION:

DOR uses GENTAX ("PATH") integrated tax software and GlobalScape as a secure file transfer application. The vendor shall be able to integrate with PATH and GlobalScape for DOR to be able to securely transmit and receive orders, provide electronic reporting, and to conduct other business related to this contract.

The vendor shall be able to receive and transmit files electronically to facilitate the communication of new, confirmed, and shipped orders. In addition, if exceptions occur during order processing, a file shall be provided to DOR documenting what exceptions occurred. If no orders exist, a blank order file will be produced which shall be confirmed by the vendor. File specifications are found in Attachment 6- Cigarette Files and Fields.

The vendor shall meet the following requirements for GlobalScape secure file transfer:

- Vendor shall be able to send and receive files via a GlobalScape secure FTP connection.
- Vendor shall have an FTP client capable of using SFTP with SSH key authentication.
- Vendor shall have the ability to encrypt and decrypt files using the OpenPGP standard.
- Vendor shall be able to accept multiple files per day.
- Vendor shall be able to provide a response file for each file sent containing key information related to each purchase order(s).
- Vendor shall transmit tracking information back to DOR.

- DOR reserves the right to request all files at any time.

C. WAREHOUSING AND DISTRIBUTION DIRECT TO CSAS:

The vendor will warehouse and as needed, initiate shipment of tax stamps directly to the CSAs within one (1) working day following the receipt of an order from DOR. An order acknowledgement shall be sent back to DOR electronically within one business day of the order being filled. The acknowledgement file specifications are found in Attachment 6. Vendor shall be able to ship using all major carriers. The vendor shall meet the following requirements for warehousing and distribution:

- Warehousing
 - Vendor shall have an inventory management system for product tracking.
 - Vendor shall provide access and training to the vendor's inventory management system to DOR upon request.
 - Vendor shall comply with all (CoPA) security requirements and the Commonwealth Terms and Conditions. Security requirements are found in accompanying attachments.
 - Vendor shall always keep a minimum of three (3) months inventory of tax stamps on hand during the term of the contract.
 - DOR estimated 3-month minimums:
 - PA State tax stamps – 90,000,000.
 - Philadelphia tax stamps - 2,250,000.
- Vendor shall collaborate with DOR on the development of reporting as required by DOR over the course of the contract.
- Vendor shall provide a communication channel for DOR or CSAs to contact vendor regarding order assistance.
- The vendor shall allow DOR to purchase up to a three (3) month inventory of cigarette tax stamps prior to the expiration of the contract. DOR will not be responsible for the payment of more than the price of a three (3) month inventory purchase at any time during the term of the contract.
- The vendor shall deliver to DOR all warehoused inventory of printed tax stamps, whether ordered or not, to CoPA within no more than ten business days following notice of the termination or expiration of the contract, or at the DOR's request. Delivery shall be at no additional

cost to CoPA. DOR will not be responsible for purchasing more than a 3-month supply at termination of contract.

- The vendor shall allow DOR to inspect the production, warehousing, and shipment facilities upon request.

D. DISTRIBUTION

- All orders shall be labeled and packaged adequately to assure safe handling and delivery of tax stamps in first class condition at the point of delivery, and in accordance with standard commercial practices.
- The vendor shall make best efforts to initiate shipment of all orders the day the orders are received.
- Vendor shall have the ability to use CSA shipping account numbers to create shipping labels (found in order file).
- Vendor shall have the ability to ship via multiple carriers (FedEx, UPS).
- Vendor must provide multiple shipping service levels, including Overnight, 1-Day, 2-Day, and Standard Ground.
- Vendor shall ship all tax stamps with signature required and proof of delivery required.
- Vendor shall include a packing slip with each shipment, detailing the order number, item descriptions and any other relevant information. Vendor shall collaborate with DOR on the development of information as required by DOR over the course of the contract
- Vendor shall secure each package with Tamper Evident Tape.
- The vendor shall be responsible for the safe and proper delivery of tax stamps as specified in Attachment 3 – Item 12 for PA State specifications and Attachment 4 – Item 10 for Philadelphia specifications.
- The vendor shall work with DOR staff to resolve any lost or stolen shipments of tax stamps.
- Vendor shall ship all tax stamps by bonded carrier, insured and prepaid.
- Vendor shall be fully responsible for safe and proper delivery of tax stamps.

E. DEPARTMENT OF REVENUE PORTAL:

Vendor shall create a portal for DOR personnel to use to view tax stamp order details and access required reports as determined by vendor/DOR collaboration efforts. The vendor shall meet the following requirements for the portal:

- Vendor will create a portal for DOR personnel to use to view the tax stamp orders filterable by CSAs, roll number, tax stamp number, order date and/ or order status and tax stamp type (e.g. Philadelphia, COPA-wide).
- Vendor will provide an order detail display about the orders including the quantity and type (roll size and denomination) of tax stamps in the order, as well as the CSAs' name and address. For shipped orders, this order detail report contains carrier tracking numbers so DOR can track the delivery of shipments.
- Vendor shall provide a monthly reconciliation report to DOR providing the number of rolls shipped and the current inventory levels.
- In addition to the portal, vendor shall provide monthly required reporting to DOR.

2. PROJECT SPECIFICATIONS:

A. VENDOR QUALIFICATIONS AND CERTIFICATION OF ELIGIBILITY REQUIREMENTS

Due to the sensitive nature of this material, the qualified vendor must sign and attach Attachment 1, Certification of Eligibility Requirements to their bid response, verifying that all requirements outlined in Attachment 1 can be met, or exceeded, by the awarded vendor. DOR reserves the right to disqualify any vendor who does not meet or fails to certify its ability to meet the Eligibility Requirements as set forth on Attachment 1, Certification of Eligibility Requirements. In addition to the Eligibility Requirements as documented in this SOW and in Attachment 1, the following qualifications are required:

Notwithstanding anything to the contrary in the Terms and Conditions, Vendor shall be able to produce these tax stamps entirely within their own secure facilities. This project may not be brokered and no part of it may be subcontracted.

The vendor shall perform all production of cigarette tax stamps solely within its own secure facilities. The services under this SOW shall not be brokered, and no portion of the work may be subcontracted. The vendor shall have prior experience in the production of tax stamps of similar type and complexity and shall, upon request, provide documentation of such experience, including samples and references, satisfactory to DOR. DOR reserves the right to verify the vendor's qualifications and experience at any time.

B. QUANTITY (estimated yearly purchase is as follows):

450,000,000 heat applied fusion type cigarette tax stamps, which shall be provided in rolls or sheets of 20 cigarette denominations. (PA State)

9,000,000 heat applied fusion type cigarette tax stamps, which shall be provided in rolls of 20 cigarette denominations. (Philadelphia)

C. TAX STAMP SPECIFICATIONS:

Tax stamps shall meet the specifications as defined in:

- Attachment 2 – Specifications for All Tax Stamps
- Attachment 3 – PA State Cigarette Tax Stamp Specifications
- Attachment 4 – Philadelphia Cigarette Tax Stamp Specifications

D. VERIFICATION:

The vendor shall inspect and verify any tax stamps or packaging identified by DOR as potentially counterfeit. Upon completion of the inspection, the vendor shall provide a written affidavit detailing their findings, including the methods used for verification and the conclusion reached.

E. DAMAGED/ERRONEOUS TAX STAMPS:

In the event tax stamps are deemed damaged or otherwise unsuitable for use by the CSA, the vendor shall:

- Serve as primary contact for the CSA.
- Provide immediate notice to DOR.
- Receive full and partial rolls from CSA – vendor to assume all freight costs.
- Provide a written summary of applicable information requested by DOR. i.e. number of tax stamps, roll numbers, CSA number, replacement roll numbers, range of stamp numbers, source of defect, etc.
- Replace full rolls within one (1) business day with no charge to DOR or CSA.
- Afford DOR the right to inspect partial rolls.
- Provide secure destruction of rolls after process completion with vendor affidavit.

3. BID SUBMISSION REQUIREMENTS:

- A.** The following documentation must be completed and submitted with the bid. Failure to submit the documentation listed below will result in the bid being rejected.

1. 2026 Bidder Cost Submittal Sheet

a. Vendor shall provide separate pricing for:

- i. Option 1 – Direct Shipment (Rolls & Sheet Pricing per Unit of Measure)- as defined in the statement of work and cost submittal sheet, all bidders are required to complete this tab.
1. Taggant Feature (Security Features) – As specified in Cost Submittal Sheet, Option 1 Rolls & Sheet Tab and with Attachment 2, Section 6 and Attachment 3, Section 7. All bidders are required to complete this tab.
- ii. Option 2 - Additional Services – Fulfillment Services including warehousing, packaging, and shipping services to Commonwealth of Pennsylvania Department of General Services Warehouse & CSAs. Bidders must submit pricing for Additional Services.

For evaluation purposes, the cost for Option 2 will be added to the Cost for Option 1 to determine the overall cost if DOR selects to proceed with Option 2. If DOR selects Option 1, only the costs submitted for Option 1 will be evaluated.

B. In addition, as indicated in Parts I and II of the Terms and Conditions, the following documents shall be returned with the vendor's Bid. Failure to submit any of the documentation listed below may result in the bid being rejected.

- i. Lobbying Certifications and Disclosure, BOP-1307
- ii. Reciprocal Limitations Act, GSPUR-89
- iii. Iran Free Certification and Disclosure
- iv. Worker Protection Act, BOP-2201
- v. Attachment 1, Certification of Eligibility Requirements

4. METHOD OF AWARD:

It is the intent of DOR to make a single award of item(s) listed in the IFB to the lowest responsive and eligible vendor. For evaluation purposes, the cost for Option 2 will be added to the Cost for Option 1 to determine the overall cost if DOR selects to proceed with Option 2. If DOR selects Option 1, only the costs submitted for Option 1 will be evaluated.

DOR reserves the right to award by line item if it determines that it is in the best interest of the Commonwealth to do so.

5. CONTRACT TERM/RENEWALS:

The initial term of the Contract shall be for one year.

The term of the Contract shall commence on the "Effective Date" (as defined below) and shall end on the "Expiration Date" identified in the Contract, subject to the other provisions of the Contract.

The Effective Date shall be: a) the date of the last Commonwealth signature (signed and approved as required by the Commonwealth contracting procedures) or b) the "Valid From" date printed on the issued purchase order whichever is later.

The Contract may be renewed for a maximum of four additional one-year term(s) at DOR's sole discretion so long as DOR provides written notice to vendor of its intention to extend the Contract by letter prior to the expiration of the term of the contract, or any extension thereof.

6. PRICING & PRICE INCREASES:

The awarded pricing shall remain firm for the first term of the contract period.

Price Increases shall be allowed at time of renewal based upon the Manufacturers Price Increases. The vendor shall provide to the DOR any vendor price changes that would be applicable under the renewal period not less than 60 days prior to the expiration of the term of the Contract or any extension thereof. If DOR determines, after receiving the vendor's price changes, that it is not in its best interest to renew the contract, DOR shall provide written notice to the vendor not less than 30 days prior to the expiration of the term of the Contract or any extension thereof stating that the Contract will not be renewed. If DOR determines, after receiving the vendor's price changes, that it is in DOR's best interest to renew the Contract, DOR shall provide written notice of the renewal to the vendor.

7. ISSUING OFFICE:

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