



SPECIFICATIONS FOR ALL TAX STAMPS

TAX STAMP: DECALCOMANIA CIGARETTE TAX (HEAT APPLIED FUSION) CONTINUOUS

PIN FEED ROLL MACHINE APPLICATION

TAX PAID ON CIGARETTES

ROLLS AND STAMPS

1. OVERT – COLOR SWITCH

Selected colors on tax stamps will switch to a different color when viewed from different angles. Inspection can be performed at the distributor or retail outlet under varying light conditions. This feature cannot be photo-copied.

2. COVERT – LASER TAGGANT OR OTHER DEVICES

Tax stamps will emit a luminescence when exposed to an invisible infrared beam directed from a “Laser Taggant” pen. Only tax stamps manufactured with the Taggant will illuminate when exposed to this unique invisible beam of light.

NOTE: Vendor will provide field testing equipment (laser pens or devices) for the Bureau of Enforcement and Taxpayer Assistance to test at no additional cost to DOR. DOR requires that 100 pens be delivered within eight (8) weeks of the contract start date. DOR reserves the right to purchase additional field-testing equipment from vendor throughout the duration of the contract.

3. CHEMICAL RECOGNITION FEATURE

DOR requests vendor uses chemical recognition features in tax stamps. Other processes or devices for safeguarding DOR will be considered, but any other processes and devices must be documented with specificity in the response and in the vendor’s price quotation. It will be incumbent that the vendor proves to DOR the worth of such processes or devices for the protection of DOR. DOR’s approval decision in the vendor’s use of chemical recognition features or other processes or devices for safeguarding DOR shall be final.

NOTE: Vendor will analyze and test the authenticity of cigarette tax stamps at DOR’s request and testify in court if tax stamps are not authentic. This is at no charge to DOR. Vendor will provide a full written report within five business days on the results of these tests.

*** VENDOR WILL PROVIDE ANNUAL TRAINING TO DOR PERSONNEL ON SECURITY FEATURES AND STAMP PRODUCTION AT NO CHARGE TO DOR.**

4. SAFETY TINT FEATURE

NOTE: Tax stamps shall be made on unique, safety tinted, paper furnished by vendor. The name of the paper manufacturer must be furnished to DOR in response to DOR’s solicitation and during the term of the contract, and all paper, used by vendor in production of tax stamps must be strictly accounted for to DOR. Any vendor request for deviation from original paper type (samples of manufacturer) must be approved in writing by DOR, prior to vendor’s use.

5. USE

Tax stamps are heat fusion applied upon each package of cigarettes offered for sale to indicate that the cigarette tax required by Commonwealth of Pennsylvania law has been paid.

Application of the tax stamps shall be the responsibility of DOR licensed Cigarette Stamping Agencies (CSAs) who shall have purchased the tax stamps and shall have been licensed to apply the tax stamps by the DOR.

6. **REQUIREMENTS**

DOR RESERVES THE RIGHT TO HAVE TAX STAMPS TESTED BY THE VENDOR OR AN INDEPENDENT LABORATORY IF DOR HAS REASON TO BELIEVE THAT THE TAX STAMPS DO NOT MEET REQUIREMENTS. VENDOR SHALL PROVIDE ALL TEST RESULTS TO DOR. IF THE SUBSEQUENT TESTING SHOWS THE TAX STAMPS NOT MEETING REQUIREMENTS, VENDOR AGREES TO BEING CHARGED FOR THE TESTING. HOWEVER, IF TESTING SHOULD PROVE THE TAX STAMPS MEET REQUIREMENTS, THE DOR SHALL BE RESPONSIBLE FOR TESTING FEES.

Material

Tax stamps shall be fabricated from the highest quality material leading to a product possessing definite heat and security characteristics.

Workmanship

The base paper must contain identifiable protective features which will establish authenticity. Both tax stamps and base paper shall contain proven protective features which will prevent illegal reproduction. Tax stamps must adhere to product without flaking off.

Safety Factor

All tax stamps must have incorporated therein factors which will result in mutilation of tax stamps should any attempt at removal be made.

Latent Defects

NOTE: Should latent defects be discovered after delivery has been accepted, the DOR reserves the right to reject the delivery, require replacement, or cancel the contract and surcharge the vendor for any expense incurred through cancellation of the contract and procurement of satisfactory materials.

Additional Tax Stamps

NOTE: All types of tax stamps shall be held by the vendor without extra cost to DOR for the entire period of the contract. If additional tax stamps are required at any time, over and above the original order, the vendor agrees to furnish additional amounts required in strict accordance with the specifications and at the **same unit price** in the **vendor's cost submittal**.

7. **DELIVERY DATE**

Vendor agrees to make delivery in such quantities, times and places as designated by DOR. (See "Schedule of Events.")

8. TEST SAMPLES

NOTE: The Vendor is required to submit two rolls 50 feet to be delivered by Registered Mail and received by the PA Department of Revenue, Bureau of Administrative Services, 1854 Brookwood St., Harrisburg, PA 17104 after a vendor has been awarded. The samples shall be used as file samples.

Use of current or past DOR tax stamps as samples is strictly prohibited. These samples will not be charged back to the DOR.

9. BID PRICES

Bid prices will be per thousand each in accordance with Cost Submittal Sheet and shall include packing and shipment per the Statement of Work.

10. OWNERSHIP

DOR supplied materials – DOR/vendor produced artwork, PDF's, negatives, positives, plates, flats, etc., shall be DOR property, and all such materials must be forwarded to DOR within 60 days after delivery of the finished product, if requested, or immediately upon termination of this contract, or any extension.

11. DISPOSITION OF DOR OWNED MATERIALS

NOTE: Full and accurate accounting must be made to DOR for detailing stamps and materials not suitable for sale. Plates, designs, patterns, films, negative, cylinder, etc., will be used solely for this order and subsequent orders. Any such plates, designs, films, etc., when not in use for the manufacture of these tax stamps must be locked in a safe or vault.

At the completion of this order, or at the termination of this contract, or at any time, if DOR so desires, all such plates, designs, films, etc. will be shipped to DOR at no additional cost. All shipments shall be made F.O.B. Destination – by bonded carrier, insured and prepaid and contractor will be responsible for safe and proper delivery to the CSA.

- USPS:
 - PA Department of Revenue, Miscellaneous Tax Division, PO Box 280909, Harrisburg, PA, 17128-0909
- UPS/FedEx:
 - PA Department of Revenue, Miscellaneous Tax Division, 4th and Walnut St. Harrisburg, PA, 17101

12. CONFIDENTIALITY OF INFORMATION, PRODUCTION AND PLANT SECURITY

Vendor acknowledges and agrees that the information provided by DOR is confidential, property of DOR, and can be used only for the purposes outlined herein. Such information shall NOT be published, circulated or used by the Vendor in a manner other than that specified herein. Vendor acknowledges and agrees that it may be subject to criminal penalties for disclosure of such information for purposes other than outlined herein.

Vendor, its agents, assignees, and employees delivering the services outlined herein shall honor an acknowledgment concerning the confidentiality of this information.

Employees or other individuals shall not be permitted to enter or leave the buildings where tax stamps

are being produced, until first assured that all material used in their production is properly accounted for. Completed rolls must be stored in the depository.

13. SUBCONTRACTING LIMITATIONS

All work must be performed wholly within the premises of the Vendor and under its supervision and control. No part of this contract may be subcontracted or performed in any other establishment. No assignment of the contract in whole or in part except for shipping boxes, pallets and freight services may be made without the prior written consent of DOR. Vendor shall, if required, furnish evidence satisfactory to DOR during the term of the contract that it possesses the facilities, tools, machinery, equipment resources, and the trained personnel, necessary to efficiently and properly carry out the terms of this contract.

14. Rejects (Option 1 – Ship to DGS)

- REJECT REPORT

Any shipment of tax stamps found to be inaccurate, or any tax stamps discovered to be defective will be reported to the vendor and such tax stamps held in the DOR office in Harrisburg, PA for the Vendor's examination.

- DISPOSITION OF REJECTS

After examination, such defective or inaccurate tax stamps will be destroyed by the DOR representative in the presence of the vendor's representative, unless such representation has been waived by DOR in writing.

- REJECT COSTS

The cost of rejected tax stamps may be charged to the vendor and the deduction for the value thereof made from the last invoice or, if no invoices are in process, the vendor may be required to immediately effectuate payment to DOR to cover the replacement value of such destroyed tax stamps; or DOR may require the defective tax stamps replaced by the vendor at its expense. The choice of remedy shall be solely the decision of DOR.

- REJECT REPLACEMENT

Tax stamps destroyed as provided under this section will be replaced promptly by the vendor with tax stamps which meet specifications. In the event the Department of General Services determines that the vendor will be unable to furnish compliant tax stamps which meet the specifications in sufficient time to assure a safe supply of tax stamps on hand, DOR may purchase tax stamps in the open market for the best price obtainable. The vendor shall pay to DOR the difference between the cost of such tax stamps so purchased, and cost of such non-compliant rejected tax stamps furnished to DOR under the terms of the contract.

15. Rejects (Option 2 – Direct to CSA)

- DAMAGED/ERRONEOUS 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, source of defect, etc.
- Replace full rolls within one (1) business day with no charge to DOR or CSA.
- o Replacement or credit for partial rolls will be handled by DOR.
- Afford DOR the right to inspect partial rolls.
- Provide secure destruction of full and partial rolls after process completion and provision of an affidavit to DOR.

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16. CONFERENCE AND PRE-AWARD PLANT SURVEY

DOR reserves the right to summon the Vendor to appear before it and demonstrate and prove to DOR's satisfaction the effectiveness of all protective features proposed and the acceptability of their tax stamp and tax stamp application machines.

A pre-award plant survey may be conducted by DOR to determine if the successful vendor has adequate facilities and expertise to accomplish the requirements of this bid on schedule.

The award will be made in the best interest of the Commonwealth of Pennsylvania.

17. TAX STATUS

Vendor warrants that on the date of the bid it has no delinquencies for any Pennsylvania tax to which it is subject. This does not include tax matters which are under appeal.

18. PAYMENT

Consistent with the Terms and Conditions of the contract:

For Option 1 (DGS Shipment) - Each shipment of tax stamps DOR will be invoiced separately by the vendor. Payment of invoices will be made according to customary Commonwealth procedure.

For Option 2 (Direct to CSAs) – Vendor shall invoice DOR monthly for the actual number of tax stamps shipped to CSAs. Payment of invoices will be made according to customary Commonwealth procedure.

19. POST AUDIT

Upon termination of this contract or any extension, DOR reserves the right to audit the vendor's inventory of tax stamps. This requirement may be waived in writing by DOR in the event the current vendor is awarded a consecutive contract.

20. CONFIRMATION LETTER REQUIREMENT

Any oral communications between the vendor and DOR and General Services regarding the contract and vendor's performance under the contract will be confirmed in writing within four business days of such oral communication.

SCHEDULE OF EVENTS – DGS (Option 1)

1. DOR shall send to vendor a draft copy for vendor's preparation of artwork within five (5) days of awarded contract.
2. Vendor's first proof delivered to DOR within five (5) days of vendor receiving artwork in (1).
3. Vendor will deliver to DOR subsequent proofs (if needed) within five days of submission of revisions or changes by DOR.
4. Vendor shall deliver the initial order of tax stamps within thirty (30) days of contract award unless DOR provided written approval for an extension. DOR will provide the exact domination and type of rolls for the initial order.

SCHEDULE OF EVENTS – Direct to CSA (Option 2)

1. DOR shall send vendor a draft copy for vendor's preparation of artwork within five (5) days of awarded contract.
2. Vendor's first proof delivered to DOR within five (5) days of vendor receiving artwork in (1).
3. Vendor will deliver to DOR subsequent proofs (if needed) within five days of submission of revisions or changes by DOR.
4. Vendor shall deliver to DOR samples of final product within six (6) weeks of DOR providing vendor a purchase order receipt for approval.
5. Vendor to integrate with DOR systems including file exchange orders/responses, etc. within eight (8) weeks of vendor's purchase order receipt.
6. Vendor shall be prepared to deliver initial shipments to CSAs no later than eight (8) weeks from vendor's purchase order receipt.