

**REQUEST FOR PROPOSALS
FOR PROFESSIONAL SERVICES**

**STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE**

Carvel State Building
820 N. French Street, 8th Floor
Wilmington, DE 19801

Patrick Carter
Director
Delaware Division of Revenue

Email: patrick.carter@state.de.us

_____ Bidder(s) Company Name

_____ Bidder(s) Address

_____ Bidder(s) Telephone Number

25-06-01-10-01 _____ Proposal Number

Licensure and Tax Enforcement Services _____ Proposal Description

November 12, 2012 _____ Proposal Opening Date and Time

3:00 P.M. Prevailing Time _____

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It is the responsibility of the bidder to check the *bids.delaware.gov* website for any solicitation addenda and/or Questions & Answers

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**DIVISION OF REVENUE
Carvel State Building, 8th Floor
820 N. French Street
Wilmington, DE 19801**

**RFP No.: 25-06-01-10-01
Date: November 12, 2012**

**SECTION I
GENERAL COMMENTS AND INFORMATION**

1.1 Preparation and Submission of Proposals

The State of Delaware, Department of Finance, Division of Revenue (the "Division or DOR") will receive sealed proposals until 3:00 P.M., November 26, 2012 prevailing time for tax and license enforcement services as defined in 30 Del.C §§ 101 – 6503. Proposals must be delivered to Patrick Carter, Director, Delaware Division of Revenue, at the address as described in Section 1.6 where they will be opened and publicly read at the time stated. Proposals must be delivered in sealed opaque envelopes and be clearly marked on the outside: **"Sealed License and Tax Enforcement Services Proposal."** Proposals must be mailed by certified mail or delivered by hand.

The proposal must conform to the Requirements Sections of the RFP. The DOR specifically reserves the right to waive or modify any informalities or irregularities in the proposal form. Each proposal must be accompanied by a cover letter, which briefly summarizes the bidder(s) interest in providing the required professional services. The cover letter must also clearly state and justify exceptions to the requirements of the RFP, which the applicant may have taken in presenting the proposal. The DOR reserves the right to reject any or all exceptions to the RFP requirements.

Proposals must be submitted with one copy of this proposal and each successful bidder(s) is to retain one copy for its files. Proposals must be signed by an authorized representative of the company submitting a proposal. Notification of the proposal award will be made by letter.

The **Non-Collusion Form** in Section IV must be properly filled in and signed.

1.2 Terms of Contract

It is understood that under the terms and conditions of this request that the Division of Revenue (DOR) reserves the right to contract for any of the above services from one or more bidders in accordance with 29 Del. C., §6986 during the contract period of December 31, 2012 to January 1, 2018.

Notwithstanding that this is to be considered a five (5) year contract, there will be a required written annual renewal to be executed by the parties on or before December 31 of each year the contract is renewed without need to resort to or seek further requests for proposals. The contract may be terminated by either party upon providing thirty (30) days written notice. In the event the successful bidder(s) breaches any obligation set forth under the contract, the DOR may immediately terminate the agreement upon providing written notice to the breaching successful bidder(s).

1.3 Issuing Office

State of Delaware
Delaware Division of Revenue
Carvel State Building, 8th Floor
820 N. French Street
Wilmington, DE 19801
Attention: Patrick Carter

1.4 Issue Date

November 12, 2012

1.5 Closing Date/Time

November 26, 2012, at 3:00 p.m. (prevailing time).

1.6 Inquiries

All inquiries concerning this RFP should be submitted to:

Patrick Carter, Director
Delaware Division of Revenue
Carvel State Building, 8th Floor
820 N. French Street
Wilmington, DE 19801
patrick.carter@state.de.us

1.7 Contractual Obligation

The proposals submitted by the successful bidder(s) may become at the insistence of DOR an addendum to the contract or agreement signed by the successful bidder(s) and the Division of Revenue. Price quotations and other time-dependent information contained in proposals should be valid for a minimum of sixty (60) days from the closing date.

WITHDRAWAL OF PROPOSAL: No proposal may be withdrawn for a period of sixty (60) days from the date of proposal opening unless the bidder(s) has made a clerical error.

The bidder(s) shall give notice in writing of his claim of right to withdraw his proposal within two (2) business days after the conclusion of the proposal opening procedure and shall submit original work papers substantiating the error with such notice. DOR reserves the right to reject any or all proposals, to waive all informalities, and to reject any or all items of any proposal.

1.8 Written and Oral Presentation

Proposals should be prepared by providing a straightforward, concise description of successful bidder(s) capabilities to satisfy the requirements of this proposal. To be considered, all proposals must be submitted in writing and respond to the items outlined in this RFP using the requested format. The DOR reserves the right to reject any non-responsive or non-conforming proposals. Emphasis should be on completeness and clarity of contents. An oral presentation by the successful bidder(s) and/or on-site visit to one of the successful bidder(s) offices may be required by DOR in order for the successful bidder(s) to explain or clarify its proposal. Not all successful bidder(s) may be asked to make such oral presentations. All costs associated with participation in oral presentations conducted for the State of Delaware are solely the successful bidder(s) responsibility.

1.9 Evaluation Process

All proposals submitted in response to the RFP shall be reviewed by the Proposal Review Committee.

A. Proposal Review Committee

The Proposal Review Committee shall determine that the successful bidder(s) meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in 29 Del. C. §§ 6981, 6982. The Committee may interview at least one of the qualified bidder(s). The Committee may negotiate with one or more successful bidder(s) during the same period and may, at its discretion, terminate negotiations with any or all bidder(s). The Committee shall make a recommendation regarding the award to Patrick Carter, Director of the Division of Revenue, who shall have final authority, subject to the provisions of this RFP and 29 Del. C. § 6982 and in the best interests of the State of Delaware, to award a contract to the successful bidder(s).

The Committee reserves the right to:

- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any or all proposals received in response to this RFP or, to make no award or, issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all successful bidder(s) during the review and negotiation process.

- Negotiate any aspect of the proposal with any successful bidder(s) and negotiate with more than one bidder(s) at the same time.
- Reject any proposal as represented throughout this document and from a bidder(s) who:
 - Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
 - Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offenses that affect responsibility as a State contractor;
 - Has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;
 - Has violated contract provisions such as:
 - Knowing failure without good cause to perform in accordance with the specification or within the time limit provided in the contract;
 - Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
 - Has violated ethical standards set out in law or regulation;
 - Any other cause listed in regulation of the State of Delaware determined to affect responsibility as a State contractor, including debarment by another government entity for cause listed in the regulations.

B. Proposal Selection Criteria

The proposals shall contain the essential information by which the award decision shall be made. The information required to be submitted in response to this RFP has been determined by DOR and the Proposal Review Committee to be essential for use by this Committee in the bid evaluation and award process. Therefore, all instructions contained in this RFP shall be met in order to qualify as a responsive and responsible successful bidder(s) and participate in the Proposal Review Committee's consideration for award. Proposals, which do not meet or comply with instructions of this RFP, may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Committee.

All proposals submitted in response to the RFP shall be reviewed by the Proposal Review Committee. The Proposal Review Committee shall consist of three (3) Division of Revenue employees. The selection process will be based on evaluation of the following criteria:

- Capability of providing experienced tax examiners and support staff.
- Ability to effectively examine local businesses and taxpayers.
- Personnel experienced with state tax and license enforcement.
- Cost of service.
- Reputation of successful bidder(s) in providing similar tax examinations.
- Financial condition of the successful bidder(s).
- Whether or not all instructions contained in this RFP have been met. Proposals which do not meet or comply with instructions of the RFP may be considered non-

conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Committee.

1.10 Rejection of Proposals

Notwithstanding 29 Del. C. § 6981 and § 6982, the Division of Revenue reserves the right to reject any or all proposals received by reason of its request, or to negotiate separately in any manner that best serves the interests of the State of Delaware.

1.11 Compliance with Law

In performance of the contract the successful bidder(s) is required to comply with all applicable federal, state and local laws, regulations, policies, guidelines and requirements of the jurisdiction in which the Agreement is performed, as well as all applicable professional conduct rules and guidelines. The cost of permits and other related costs required in the performance of the contract must be borne by the successful bidder(s). The successful bidder(s) must be properly licensed and authorized to transact business in the State of Delaware as provided in 30 Del. C. § 2502 and other applicable statutes and regulations. The successful bidder(s) must comply with 30 Del. C. § 368. A copy of this section is attached as **EXHIBIT A. NONDISCLOSURE STATEMENT.**

1.12 Liability and Retention of Proposals

The successful bidder(s) shall be responsible for any liability or cost incurred in connection with responding to this request for proposal. Successful bidder(s) shall specifically designate those portions of their proposals which they believe to be proprietary and, therefore, a trade secret or otherwise privileged or confidential under the Delaware Freedom of Information Act. A copy or copies of each proposal may be kept as part of the agency file and open to inspection by any person permitted by law.

SECTION II
GENERAL COMMENTS AND INFORMATION

2.1 Purpose

This Request For Proposal (RFP) is issued by the Division of Revenue (DOR) for the purpose of acquiring off-site professional tax and license enforcement services with a particular focus on the underground economy. The underground economy represents income earned under the table and off the books. Their main goal is to avoid reporting income and paying taxes to governments.

2.2 Scope

This document contains general information relating to the procedural requirements in the preparation of proposals to the Division of Revenue. The successful bidder(s) will be responsible for identification and selection of taxpayers although the DOR may refer taxpayers for examination consideration. The successful bidder(s) shall provide the designated DOR representative, with copies of all written correspondence directed to taxpayers selected for examination. No examination shall be initiated until the designated DOR representative has given written approval. DOR reserves the right to deny examinations at any time.

If for tax periods the amount of taxable revenue and or income cannot be ascertained from books, records or returns of a taxpayer, reasonable projection and estimation techniques may be used to determine the reportable amounts for such periods. For each error/omission identified and confirmed, the successful bidder(s) shall submit to the DOR substantiating documentation of methodology used for the estimation of taxable income/revenue.

Nothing in this Agreement shall require the successful bidder(s) to examine all (or any) accounts referred by the DOR to the successful bidder(s) nor shall this Agreement be construed to bar the DOR either from retaining accounts and undertaking examination activities internally with respect to such retained accounts (“Retained Examination Accounts”) or from referring certain taxpayers for examination to another third party provider of examination and related services.

The primary focus of this shall be:

A. License Enforcement Services

Provide discovery services designed to identify taxpayers who, subject to 30 Del.C §§ 101 – 6503, provide or have provided goods and services within the State who are not properly licensed to conduct business in the State and/or avoid paying State taxes; provide notice to the DOR of any such taxpayers, prior to commencing an examination on behalf of the DOR; provide notification letters to taxpayers under examination. Provide support services to act as the liaison between taxpayers and the State.

B. Tax Enforcement Services

Conduct examinations to identify all forms of unreported and or underreported taxes payable to the DOR. Conduct forensic examinations to identify improper deductions, errors in the calculation and preparation of tax, interest and penalties for taxpayers that are subject to 30 Del.C §§ 101 – 6503.

C. Collection Services

The successful bidder(s) may be asked to provide collection services to achieve maximum possible recovery from the identified non-compliant taxpayers. These will include a specific number of telephone calls, direct mailing efforts and skip tracing procedures, as well as, other procedures outlined by the agency. Prepare and furnish any forms, papers, notices or postings necessary for the collection of taxes.

D. Reporting

The successful bidder(s) shall provide monthly written reports to the DOR in a form and substance accepted by the DOR as described below. Such reports shall include but may not be limited to the following information:

- Detailed examination stage analysis, listing DOR account number, name and address of taxpayers selected for examination;
- List of taxpayers that require additional investigation or examination to determine their compliance with DOR tax ordinances, tax regulations or tax statutes;
- Initial assessment amount charged to taxpayer;
- Date and description of all interim contacts by the successful bidder(s) with taxpayers during the reporting period;
- Aggregate amounts collected by month and year-to-date by the successful bidder(s) relating to taxpayers accounts;
- Aggregate compensation paid to the successful bidder(s) by the DOR by month and year to-date.
- Reports should be fully automated and exportable in the following formats: HTML, PDF, CSV, various Microsoft Excel formats, and XML.

2.3 Reservations

The Division of Revenue reserves the right to annul any contract if, in its opinion, there is a failure at any time to perform the terms of this invitation to respond and the general conditions and specifications which are part of these proposals, or in any case of any attempt to impose upon the Division services of an unacceptable quality. Any action taken pursuant to this latter term shall not affect or impair any rights or claim of the Division to damages for the breach of any

covenants of the contract by the successful bidder(s).

Should the successful bidder(s) fail to furnish any item or items, or to complete the required work included in the contract, the Division reserves the right to withdraw such items or required work from the operation of the contract without incurring further liabilities on the part of the Division.

Should any bidder(s) have any questions as to the intent or meaning of any part of this proposal, the bidder(s) should contact the Division in time to receive a reply before submitting a proposal.

The Division reserves the right to reject any or all proposals, in whole or in part, to make partial awards, to waive or modify any irregularity in any quotation, to increase or decrease quantities if quantities are listed in the proposal, and may reject any proposal that shows any omission, alterations of forms, additions not called for, conditions, or alternate proposals, and may make any such award as is deemed to be in the best interest of the State of Delaware.

2.4 Contract Conditions

The successful bidder(s) awarded the contract under this RFP shall be subject to the following contractual provisions:

A. Notice

Any notice to the DOR required under this contract shall be sent by registered mail to:

Patrick Carter, Director
Delaware Division of Revenue
Carvel State Building, 8th Floor
820 N. French Street
Wilmington, DE 19801

B. Formal Contract & Purchase Order

The successful bidder(s) shall promptly execute a contract incorporating the terms of this RFP within thirty (30) days after the award of the contract. No successful bidder(s) is to begin any service prior to receipt of a State of Delaware purchase order signed by two (2) authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office and the DOR. The purchase order, once it is received, shall serve as authorization to proceed in accordance with the bid specifications and special instructions.

C. Indemnification

By submitting a proposal, the successful bidder(s) agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless the State of Delaware, its agents and any employees from any and all liability, suits, actions, or claims, together with all costs including Court costs, related litigation expenses and attorney's fees, arising out of the

successful bidder(s), its agents and employees' performance of work or services in connection with the contract, regardless of whether such suits, actions, claims, or liabilities are based upon acts or failures to act attributable, in whole or in part, to the State, its employees or agents.

D. Non-Discrimination

In performing the services subject to this RFP the successful bidder(s) agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, religion, sex, or national origin. The successful bidder(s) shall comply with all federal and state laws and policies pertaining to the prevention of discriminatory employment practices. Failure to perform under this provision constitutes a material breach of contract.

E. Contract Documents

The RFP, the purchase order, and the executed contract between the DOR and the successful bidder(s) shall constitute the entire contract between the DOR and the successful bidder(s). In the event there is any discrepancy between any of these contract documents, the following order of documents govern so that the former prevails over the later: Contract, Purchase Order, RFP and Response to RFP. No other documents shall be considered. These documents contain the entire agreement between the DOR and the successful bidder(s).

F. Applicable Law

The Laws of the State of Delaware shall apply, except where Federal Law has precedence. The successful bidder(s) consents to jurisdiction and venue in the State of Delaware.

G. Scope of Agreement

If the scope of any provision of this Contract is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Contract shall not hereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

2.5 Consideration of Prior Service

Awards on this proposal will be made after consideration has been given to any previous performance for the State of Delaware as to quality of service and of merchandise, and with regard to the successful bidder(s) ability to perform should it be awarded the proposal.

2.6 Proposal Security

Each bidder(s) must submit with its proposal the initial proposal security check below:

- **A bidder(s) Bond for \$5,000; or,**
- **A Certified or Cashier's Check for \$5,000. The security must be made payable to the "State of Delaware."**

Required proposal security will be returned to all except the successful bidder(s) within fifteen (15) days after awards have been made. The proposal security of the successful bidder(s) will be returned upon receipt of the performance bond if such bond is required under the terms of the award. If no award shall be made within sixty (60) days after the date of the opening of the proposals, proposal security will be returned to any bidder(s) upon demand of the bidder(s) at any time after the thirty-day period so long as the successful bidder(s) has not been notified of the acceptance of its proposal. Written notification of the acceptance of any proposal will be made to the successful bidder(s).

2.7 Insurance

The successful bidder(s) as an independent contractor to the State must provide a copy of insurance for claims under the Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Contract. The successful bidder(s) copy of insurance must demonstrate that it currently carries insurance of minimum limits as follows:

- Commercial General Liability: \$1 million per claim/\$3 million aggregate
- Professional Liability: \$2 million per claim/\$4 million aggregate
- A copy of the Declaration page shall be provided to DOR.

2.8 License to Practice in Delaware & Delaware Business License

The bidder must provide:

- A copy of a current Delaware State business license for the successful bidder(s).

2.9 Suspension and Debarment

The successful bidder(s) must certify that it has not been suspended or debarred from performing government engagements or other government activity. In addition, the successful bidder(s) must certify that it has not been the subject of any disciplinary action or inquiry in any jurisdiction during the past three years.

SECTION III **REQUIREMENTS**

The successful bidder(s) will warrant that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all Federal and State laws, and County and local ordinances, regulations and codes.

3.1 Remitting Collections

All payments made by taxpayers must be made payable to “Delaware Division of Revenue” and remitted by the debtors directly to the Delaware Division of Revenue.

3.2 Fee Schedule

A fee structure may be negotiated in awarded contracts based upon the “Compensation” structure proposed in section 4.3. Fee terms may include contingent fee provisions, and no payment will be made under contracts until the Division receives the revenue paid to the Division as a result of the examination performed by the successful bidder(s). All contract costs must be as detailed specifically in the successful bidder(s) cost proposal. No charges other than as specified in the proposal shall be allowed without written consent of the Division. The Division will require a payment schedule based on defined and measurable milestones. Payments for services will not be made in advance of work performed.

3.3 Written Proposals

Proposal responses will be expected to address, at a minimum, the following areas:

- Number of offices on a national, state, or local level and the address and name of each.
- Fee schedule and payment procedures.
- Successful bidder(s) must submit with the proposals:
 - Experience and Reputation: Explain the experience in the area of state and local tax examinations of both the proposing firm and the individuals who will conduct Tax and License compliance examinations for the Division.
 - Expertise: Explain the expertise of the individuals who will supervise teams and who will conduct examinations. In particular explain the education, training and relevant experience of these persons.
 - Demonstrated Ability: Explain previous successes in the identification and examination of noncompliant taxpayers with a particular focus on the underground economy or other relevant investigative activity over the past three years.

- Financial Condition: Provide evidence of the financial capacity of the proposing firm to complete examinations that may potentially require more than one year to complete.
- The basis for assurance that the successful bidder(s) can meet the bonding requirements and professional performance requirements of the Division's non-disclosure requirement. A copy of the latter is attached hereto as **EXHIBIT A. NONDISCLOSURE STATEMENT.**
- References: Provide three references of persons familiar with the work of the proposing firm or the principals of the proposing firm.

3.4 Records Inspection

The successful bidder(s) shall maintain, for all accounts, records which reflect all account activity. The State shall have a right to inspect such records at its convenience during the term of the contract and for a period of two years after the completion or termination of the contract.

3.5 Availability

The Division of Revenue prefers a start-up date not to exceed thirty (30) days after receipt of notice of bid award. The successful bidder(s) must state the expected start-up date and agree to a liquidated damage clause for failure to meet the scheduled start-up date.

SECTION IV
BID PROPOSAL FOR THE STATE OF DELAWARE

4.1 Attention

Patrick Carter, Director
Delaware Division of Revenue
Carvel State Building, 8th Floor
820 N. French Street
Wilmington, DE 19801
patrick.carter@state.de.us

We have read the proposed agreement (a copy of which is attached and is part of our proposal), fully understand the intent of the agreement, certify that we have adequate personnel and equipment to fulfill the requirements thereof, and agree to furnish such services.

4.2 Service

Compliance enforcement of 30 Del.C §§ 101 – 6503

4.3 Compensation

Please provide details of proposed compensation structure.

We agree to provide all Compliance Enforcement Services as detailed in your Request for Proposal.

4.4 Non-Collusion

Proposals are made without any previous understanding, agreement, or with any person, firm, or corporation making a proposal for the same services, or supplies, or equipment, and is without collusion or fraud.

Submitted By

Successful bidder(s): _____

Address: _____

Phone No.: _____

Federal E.I. No.: _____

State of DE Business License No. [If applicable]: _____

Signature of Authorized Person: _____

Printed Name of Authorized Person: _____

Title of Authorized Person: _____

Successful bidder(s) is a [state whether Sole Proprietor, Partnership, Corporation, other]:

Corporate Seal of Successful bidder(s)

Witnessed By: _____ **Date:** _____

State of Delaware
DEPARTMENT OF FINANCE
Division of Revenue

EXHIBIT A
NONDISCLOSURE STATEMENT

30 Del.C §368 and Section 7431, Federal Internal Revenue Code, make it unlawful for any employee, or former employee of the Division of Revenue (or person employed on an independent contract basis) to disclose to any unauthorized person any information set forth in any State or Federal income tax return, report, or document filed with the Division including the fact that it was or was not filed. Violation of this provision may be punished by a fine of \$1,000, or imprisonment of both. The law provides as follows:

§ 368, Secrecy of returns and information; penalty.

(a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for any officer or employee of the Department of Finance, or for any other officer or employee of this State who has access to tax returns or information from tax returns under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) to disclose or make known to any person in any manner the amount of income or of any particulars set forth or disclosed in any report or return required under this Title (other than Chapters 30 (except §3004 and §3005), 51, and 52) including any copy of any portion of federal income or state tax return, or any information on a federal return or report which is required to be attached to or included in a State tax return.

(b) Nothing in this section shall be construed to prohibit the publication of statistics classified so as to avoid identification of specific taxpayers, or to prohibit the disclosure of the tax return information of any taxpayer to such person or persons as the taxpayer may designate in a written request or consent to such disclosure.

(c) For purposes of this section, the term “officer or employee” shall include present and former officers and employees, and any person or persons employed or retained by the Employer on an independent contractor basis. The term “return” or “report” shall include report of the Internal Revenue Service or other competent federal authority containing tax return information.

(d) Any violation of this Section shall be a misdemeanor, punishable upon conviction by a fine not to exceed \$1,000 or imprisonment not to exceed six months, or both. The Superior Court shall have exclusive original jurisdiction over such misdemeanor.

(e) For purposes of this section, the terms “return” and “return information” shall not be construed to include any information appearing or to appear on the face of a license required to be displayed under §2109 of this Title or the name or mailing address of the licensee of said license.

In addition, it is unlawful to access Federal Tax return information for any reason other than those pertaining to the official business of the Division of Revenue. It is contrary to the rules governing employment for an employee to access either state or federal tax return information for other than official purposes.

Patrick T. Carter
Director of Revenue

Please indicate, by your signature below, that you have read and understood the foregoing provisions of law and policy.

(Signature at start of contract) _____ /_____/_____
Signature of Contractor Date

Please indicate, by your signature below, that you understand the foregoing nondisclosure provisions apply to you as a former Division of Revenue employee.

(Signature at start of contract) _____ /_____/_____
Signature of Contractor Date