

EXHIBIT A SCOPE OF WORK

This agreement is entered into by and between the CalSavers Retirement Savings Board (“CRSB”) and the Franchise Tax Board (“FTB”) (“Agreement”). CRSB and FTB are together referred to herein as the “parties” and separately, as a “party.” The Agreement sets forth the terms and conditions for the operation of the enforcement of employer compliance with the requirements established in Title 21 (commencing with Section 100000) of the California Government Code, Article 6 (commencing with Section 19285) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, and Title 10, Chapter 15 (commencing with Section 10000) of Title 10 and the California Code of Regulations.

PURPOSE

The purpose of this Agreement is for CRSB and FTB to establish the terms under which FTB will notify non-compliant employers of penalties, operate the collection of penalties, and consider employer appeals of the imposition of a penalty for employer non-compliance with the CalSavers Retirement Savings Program (“CalSavers”, “CalSavers Program”, or “Program”) as authorized in Sections 19286 to 19288, inclusive, of the Revenue Taxation Code and to allow CRSB to reimburse FTB for costs associated with these duties.

CRSB oversees the CalSavers Program to ensure all employers with at least five employees facilitate the CalSavers Program for their employees if a qualifying retirement plan is not already offered. CRSB shall provide FTB with data related to employers who are out of compliance to allow FTB to issue notices, collect fines and consider appeals.

LEGAL AUTHORITY

Section 19286 (a) (1) of the Revenue and Taxation Code authorizes CRSB to refer penalties imposed on an employer for noncompliance with Title 21 (commencing with Section 100000) of the Government Code to FTB for collection under guidelines prescribed by the FTB.

CRSB is authorized to re-disclose confidential data received from the Employment Development Department (“EDD”) to FTB under authority provided by EDD in Agreement No. CSCRSIB05-19 Amendment 2. This Agreement is further authorized pursuant to CRSB’s authority to contract under Section 100010(a) of the Government Code and pursuant to the provisions of Sections 603.9 and 603.10 of Title 20 of the Code of Federal Regulations (CFR), solely for the statutory purposes specifically set forth in this Agreement. CRSB and FTB shall comply with the provisions of Sections 603.4, 603.9 and 603.10 of Title 20 CFR and Exhibit D of this Agreement.

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DATA PRIVACY AND RE-DISCLOSURE

The FTB agrees that the confidential employer data provided by CRSB shall not be re-disclosed to any other party, except as required by law, a court order or legal process. If FTB receives a subpoena, search warrant, court order or request under the Public Records Act (California Government Code Section 6250, et seq.), FTB will promptly notify CRSB, unless prohibited by law or court order, and advise CRSB of FTB's intended response. In the event FTB and CRSB cannot agree on whether the requested records are required to be withheld, redacted or provided, FTB will give CRSB a reasonable opportunity under the circumstances to seek a court order prohibiting the release of the records.

No Federal Tax Information (FTI) will be exchanged as part of this agreement.

CRSB RESPONSIBILITIES

CRSB and its third party administrator (TPA) are responsible for operating the CalSavers Program, including all account administration, customer service, outreach, education, and fiduciary duties. With regard to the enforcement partnership with FTB, CRSB shall perform the functions outlined below:

1. *Customer Contacts*
 - A. CalSavers will promptly answer all employer contacts, whether received directly or forwarded from FTB.
 - i. CalSavers' contact information will be included on all Due Process notices.
 - B. CalSavers will work initially with all employers to help employers to:
 - i. Register.
 - ii. Otherwise come into compliance.
 - iii. Avoid the imposition of penalties.
 - C. CalSavers will promptly respond to all complaints.
2. *Noticing*
 - A. Before referring noncompliant employers to FTB, CalSavers will determine whether the employer is noncompliant with the requirements of Title 21 (commencing with Section 100000) of the Government Code, including:
 - i. The eligibility of the employer to participate in the program;
 - ii. The number of eligible employees an eligible employer has; and
 - iii. Whether an employer is exempt under Section 100032(g) of the Government Code from the requirement to register with CalSavers and have a payroll deposit retirement savings arrangement to allow employee participation in the Program.
 - B. CalSavers will send three formal Due Process Notices after an employer has missed their compliance deadline, in accordance with Section 8293-1 of the State

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Administrative Manual (SAM), including a final notice of penalty application. These are in addition to any other informal follow-up notices or reminders that CalSavers may send in the period following a missed deadline.

- C. Annual Notice – CalSavers will provide FTB with an annual file containing a list of debtors. At the discretion of CRSB, FTB may be asked to utilize the annual file to send out annual notices to employers with debts outstanding. CRSB and FTB will agree in advance on a formula for reimbursement of FTB’s costs.
- D. Return mail will be sent to CalSavers:

CalSavers Retirement Savings Board
Attn: Director of Administrative Operations
915 Capitol Mall, Suite 105
Sacramento, CA 95814

3. Information Sharing – File Transfers - Referrals

- A. As detailed below, CalSavers will send files to FTB via FTPS, to include the following data points (The data points are also included in Exhibit A1 – Data File Layout.)
 - i. Federal Employer Identification Number or Tax Identification Number (FEIN/TIN)
 - ii. State Employer Identification Number (SEIN)
 - iii. Employer Name
 - iv. Employer Mailing Address
 - v. Employer Phone Number
 - vi. Employee Count
 - vii. Description of penalty type/penalty code
 - viii. Penalty Amount
 - ix. Summary of CalSavers Outreach Attempts
 - Dates of 3 notices sent by CalSavers
 - x. Transaction ID, if appropriate
- B. For the Failure to Register Penalty, CalSavers will send FTB files with employer data as outlined in CRSB Responsibilities Section 3.A., initially staggered in three “waves,” and thereafter a single file annually, as follows:
 - i. For FTB Notice #1: Wave 1 (employers with more than 100 employees) in September 2021, Wave 2 (employers with more than 50 employees) in June 2022, and Wave 3 (employers with five or more employees) in June 2023, and a single file annually each July thereafter.
 - The September 2021, June 2022, and June 2023 files will contain all employers who did not register timely and/or comply after receiving the three due process notices from CalSavers.

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- ii. For FTB Notice #2: Wave 1 in December 2021, Wave 2 in September 2022, and Wave 3 in September 2023, and a single file annually each September thereafter.
 - The December 2021, September 2022, and September 2023 files will contain all employers who did not comply after FTB sent Notice #1.
 - C. For penalties other than Failure to Register, CalSavers will send FTB files bi-weekly (every other week).
 - D. CalSavers will immediately notify FTB of all relevant account modifications, in a manner agreed upon by both agencies (i.e., secure email, fax, and phone), so that FTB can update its records.
 - E. If multiple penalties are applicable, CalSavers will provide the detailed penalty information, consolidated for each employer.
 - i. As noted above, FTB will issue one of two notices with applicable paragraph codes, total penalty amount, and detailed penalty breakdown with amount associated with each penalty type.
4. *Enforcement*
- A. CalSavers will not issue involuntary collection actions (i.e., Order to Withhold (bank levy), Earnings Withholding Order (wage garnishment)).
 - B. CalSavers will only refer noncompliant employers to FTB after sending a minimum of three collection letters.
5. *Payments*
- A. FTB will on at least weekly basis remit to CalSavers any employer fines collected by FTB.
6. *System/Accounting*
- A. CalSavers will perform all accounting for employers' accounts, including:
 - i. Assess and provide penalty information to FTB.
 - ii. Reconciling payments received with penalties issued
 - Overpayment, underpayment, and payment in full FTB actions resulting from appeals process.

FTB RESPONSIBILITIES

1. *Customer Contacts:*
- A. FTB name, logo and contact information for appeals will be included on all penalty notices.
 - B. [REDACTED]

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2. *Noticing*

- A. At the CRSB's direction, FTB will send up to two notices to employers who do not comply after the third Due Process Notice from CalSavers:
- i. FTB Notice #1: \$250 per employee.
 - ii. FTB Notice #2: unless an appeal is filed or the employer becomes compliant within 90 days after the issuance of Notice #1, Notice #2 is to be issued 91 days after issuance of FTB Notice #1 = additional \$500 per employee, for a total of \$750 per employee. If an appeal is filed and denied, FTB will issue Notice #2 within 90 days after determination of the appeal, if the employer has not complied prior to that time.
- B. FTB will only send demand for payment notices.
- i. FTB will develop the Notice #1 and Notice #2 listed above and provide CalSavers with the opportunity to collaborate on content and design.
 - ii. FTB will develop paragraph codes for each penalty type.
 - iii. FTB will develop language for the notices and paragraph codes, in collaboration with CalSavers.
 - iv. Notice will populate with appropriate paragraph code for penalty issued.
 - v. Notice will include CalSavers' phone number.
 - vi. Notice will include FTB's phone number.
 - vii. Notice will include FTB's address for payment processing.
 - viii. Notice will be issued from FTB.
- C. [REDACTED]
- D. [REDACTED]
- E. Annual Notice – FTB may, at the discretion of CRSB, send an annual notice of penalties due. FTB and CRSB will agree in advance on a reimbursement of FTB's costs.
- F. For Wave 1 Employers, FTB will begin sending notices for the Failure to Register Penalty beginning October 2021 (FTB Notice #1), January 2022 (FTB Notice #2) and annually thereafter.
- G. For Wave 2 Employers, FTB will begin sending notices for the Failure to Register Penalty beginning July 2022 (FTB Notice #1), October 2022 (FTB Notice #2) and annually thereafter.
- H. For Wave 3 Employers, FTB will begin sending notices for the Failure to Register Penalty beginning July 2023 (FTB Notice #1), October 2023 (FTB Notice #2) and annually thereafter.

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- I. For all penalties other than Failure to Register penalties, beginning in October 2021, FTB will send penalty notices to employers as provided in FTB Responsibility Section 2.A. based on the bi-weekly data provided by CalSavers (Penalty File). This will follow the three Due Process Notices by CalSavers.
 - J. For any newly eligible employer not included in the above schedules, FTB will send notices as provided in FTB Responsibility Section 2.A. after being informed by CalSavers that an employer is out of compliance and the required three Due Process Notices have been sent by CalSavers.
 - K. [REDACTED]
 - L. FTB will use addresses provided by CalSavers.
 - M. FTB will not provide address update services.
3. *Information Sharing – File Transfers*
- A. FTB Technology Services Division (TSD) will provide the record layout requirements to CalSavers.
 - B. FTB will provide CalSavers with a file bi-weekly with employer and payment information for CalSavers' account reconciliations (Payment File).
 - i. FTB and CRSB will coordinate the timing of file transfers, so that Payment File transfers will precede Penalty File transfers, to allow CRSB to include the most current information in the Penalty Files.
 - ii. FTB will send a report or spreadsheet via FTPS or secure email with payment detail beginning in October 2021 through August 2023, to include the following data points:
 - Federal Employer Identification Number or Tax Identification Number (FEIN/TIN) [Returning data received from CalSavers]
 - State Employer Identification Number (SEIN) [Returning data received from CalSavers]
 - Employer Name [Returning data received from CalSavers]
 - Payment Amount [FTB provided]
 - iii. FTB will send CRSB a Payment File extract from FTB's system through an automated process via FTPS beginning in September 2023 with the following data:
 - Federal Employer Identification Number or Tax Identification Number (FEIN/TIN) [Returning data received from CalSavers]
 - State Employer Identification Number (SEIN) [Returning data received from CalSavers]
 - Employer Name [Returning data received from CalSavers]
 - Payment Amount [FTB provided]

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- Dates of Notice #1 and Notice #2 sent by FTB [FTB provided]
- Appeal indicator and date of appeal [FTB provided]

4. *Enforcement*

- A. FTB will not issue involuntary collection actions (i.e., Order to Withhold (bank levy), Earnings Withholding Order (wage garnishment)).
- B. FTB will only send notices to noncompliant employers referred by CRSB and accept payment as submitted in response to notices.

5. *Payments*

- A. FTB will receive and process all penalty payments that can be associated to a noncompliant employer.
- B. FTB will begin accepting payments, which shall initially be limited to paper penalty payments and manual processing of such payments, in [REDACTED]
- C. FTB will start accepting electronic and paper payments (excluding credit card payments) no later than [REDACTED]
- D. With an automated payment process, FTB will be able to begin processing CalSavers payments using the same process as nontax debt, beginning no later than September 2023.
 - i. Paper payments will be scanned and use existing data capture and cashiering systems.
 - ii. Payment and payment document data will flow to a case management system.
 - iii. Electronic payments will leverage the same process as current nontax debt electronic payments.
 - iv. Payments will be uniquely identified as CalSavers payments
- E. FTB will remit payments to CalSavers' fund at least [REDACTED]
- F. In the event a payment is dishonored or reversed, FTB may deduct the amount of the payment from the next transmission of funds to CalSavers

6. *Appeals*

- A. [REDACTED]
 - i. [REDACTED]
 - ii. [REDACTED]
 - iii. [REDACTED]
- B. An appeal after Notice #1 will be allowed.
 - i. This will require a hold to be placed on Notice #2 until determination of the appeal of Notice #1 is complete.
 - ii. FTB Notice #1 will allow 90 days to appeal. If the employer does not appeal or comply, the Notice #2 will be issued.

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- iii. [REDACTED]
 - [REDACTED]
 - [REDACTED]

TERM OF AGREEMENT

The term of this Agreement will be January 1, 2021 (or upon approval by the Department of General Services, whichever is later) through June 30, 2025. The amount of the Agreement shall not exceed \$ [REDACTED] ([REDACTED]). If additional services are requested of FTB by CRSB, including, but not limited, to the Annual Notice, this amount shall be increased by the actual cost to FTB of those services. Exhibit B, Attachment 1 delineates a high level composition of the costs FTB expects to incur, but does not prohibit adjustments to expenditures between categories. Invoices related to this agreement shall be submitted by FTB to CalSavers on a monthly basis, as provided in Exhibit B.

CONTRACT REPRESENTATIVES

Each party will designate staff to have primary responsibility to coordinate activities under this Agreement, act as program liaison, ensure confidentiality is maintained and, when necessary, meet to further define specific program procedures.

All Agreement inquiries should be directed to:

CalSavers Retirement Savings Board	Franchise Tax Board
Name: [REDACTED] [REDACTED]	Name: [REDACTED] [REDACTED]
Phone: [REDACTED]	Phone: [REDACTED]
Email: [REDACTED]	Email: [REDACTED]

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**EXHIBIT A, ATTACHMENT 1
DATA FILE LAYOUT**

Pending from FTB

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EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. INVOICING AND PAYMENT: For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified in Exhibit B, Attachment 1.

Invoices must include the full Agreement Number as reflected on the first page of this Agreement and be submitted in triplicate, not more frequently than monthly in arrears, to:

CalSavers Retirement Savings Board
Attn: Director of Administrative Operations
915 Capitol Mall, Suite 105
Sacramento, CA 95814

CalSavers will submit payments for services rendered to:

Franchise Tax Board
Fiscal Accounting
P. O. Box 2800
Sacramento, CA 95812-2800

2. BUDGET CONTINGENCY CLAUSE: It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other consideration under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability accruing to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

3. PAYMENT: Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.

Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code of the State of California (commencing with section 11250).

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EXHIBIT B, ATTACHMENT 1
COST SHEETS
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FY 2020-21

Personal Services

Salaries	\$258,460	
<i>Notice Development</i> (design, language, calculations, and programming): \$57,269		
<i>Program Supervision</i> : \$4,829		
<i>Mandated Privacy Assessments</i> : \$5,652		
<i>System Development & Maintenance</i> : \$190,710		
Benefits	\$147,322	
Total Personal Services		\$405,782

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E (5% direct salaries)	\$12,923	
Facilities (10% direct salaries)	\$25,846	
<i>Contract Defined OE&E</i> (for example, postage)	\$0	
<i>Mainframe CPU</i> (IT Services Contracts)	\$0	
Total Operating Expenses and Equipment		\$38,769

Department Overhead

Administrative Support	\$31,105	
Total Department Overhead		\$31,015

Total Cost for FY 2020-21		\$475,566
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EXHIBIT B, ATTACHMENT 1
COST SHEETS
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<u>Personal Services</u>	<u>FY 2021-22</u>	
Salaries		\$215,855
<i>Answer Calls: \$3,005</i>		
<i>Appeal Resolution (20 appeals): \$2,240</i>		
<i>Program Supervision: \$6,190</i>		
<i>Manual Payment Processing: \$3,411</i>		
<i>Mandated Privacy Assessment: \$1,192</i>		
<i>System Development & Maintenance: \$199,818</i>		
Benefits		\$121,405
Total Personal Services		\$337,260
<u>Operating Expense and Equipment (OE&E)</u>		
Information Technology Support		\$0
General OE&E (5% direct salaries)		\$10,793
Facilities (10% direct salaries)		\$21,585
<i>Contract Defined OE&E (postage, printing, & PO Box)</i>		\$9,399
<i>Mainframe CPU (IT Services Contracts)</i>		\$0
Total Operating Expenses and Equipment		\$41,777
<u>Department Overhead</u>		
Administrative Support		\$25,902
Total Department Overhead		\$25,902
Total Cost for FY 2021-22		\$404,939

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**EXHIBIT B, ATTACHMENT 1
 COST SHEETS
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FY 2022-23

Personal Services

Salaries	\$792,757	
<i>Answer Calls: \$3,555</i>		
<i>Appeal Resolution (20 appeals): \$2,244</i>		
<i>Program Supervision: \$6,525</i>		
<i>Manual Payment Processing: \$16,381</i>		
<i>Mandated Privacy Assessments: \$123,541</i>		
<i>System Development (Phase II): \$640,511</i>		
Benefits	\$435,631	
Total Personal Services		\$1,228,388

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E (5% direct salaries)	\$39,638	
Facilities (10% direct salaries)	\$79,275	
<i>Contract Defined OE&E</i>	\$110,675	
<i>Software licenses: \$100,000</i>		
<i>Printing, Postage, PO Box: \$10,675</i>		
<i>Mainframe CPU (IT Services Contracts)</i>	\$0	
Total Operating Expenses and Equipment		\$229,588

Department Overhead

Administrative Support	\$95,131	
Total Department Overhead		\$95,131

Total Cost for FY 2022-23		\$1,553,107
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**EXHIBIT B, ATTACHMENT 1
 COST SHEETS
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FY 2023-24

Personal Services

Salaries	\$465,776	
<i>Answer Calls: \$75,878</i>		
<i>Appeal Resolution: \$15,933</i>		
<i>Program Supervision: \$45,141</i>		
<i>Automated Payment Processing: \$4,945</i>		
<i>System Development & Maintenance: \$296,763</i>		
<i>Mandated Privacy Assessments: \$27,116</i>		
Benefits	\$229,683	
Total Personal Services		\$695,459

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E (5% direct salaries)	\$23,289	
Facilities (10% direct salaries)	\$46,579	
<i>Contract Defined OE&E (for example, postage)</i>	\$289,488	
<i>Software Licenses: \$100,000</i>		
<i>Printing, Postage, PO Box: \$189,488</i>		
<i>Mainframe CPU (IT Services Contracts)</i>	\$0	
Total Operating Expenses and Equipment		\$359,355

Department Overhead

Administrative Support	\$55,893	
Total Department Overhead		\$55,893

Total Cost for FY 2023-24		\$1,110,707
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**EXHIBIT B, ATTACHMENT 1
 COST SHEETS
 DRAFT**

FY 2024-25

Personal Services

Salaries		
<i>Answer Calls: \$7,064</i>	\$217,767	
<i>Appeal Resolution: \$2,240</i>		
<i>Program Supervision: \$8,366</i>		
<i>Automated Payment Processing: \$4,935</i>		
<i>Mandated Privacy Assessments: \$27,061</i>		
<i>System Maintenance & Operation: \$168,101</i>		
Benefits	\$118,601	
Total Personal Services		\$336,368

Operating Expense and Equipment (OE&E)

Information Technology Support	\$0	
General OE&E	\$10,888	
Facilities	\$21,777	
<i>Contract Defined OE&E</i>	\$119,326	
<i>Software Licenses: \$100,000</i>		
<i>Postage, Printing, POBox \$19,326</i>		
<i>Mainframe CPU (IT Services Contracts)</i>	\$0	
Total Operating Expenses and Equipment		\$151,991

Department Overhead

Administrative Support	\$26,132	
Total Department Overhead		\$26,132

Total Cost for FY 2024-25		\$514,491
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EXHIBIT C
GENERAL TERMS AND CONDITIONS

Exhibit C to this Agreement, the General Terms and Conditions for Interagency Agreements (GIA - 610), is hereby incorporated by reference and made part of this Agreement as if attached hereto. The General Terms and Conditions for Interagency Agreements may be viewed and downloaded at: <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>

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EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. **STATEMENT OF CONFIDENTIALITY**: The Franchise Tax Board has taxpayer tax returns and other confidential information and data in its custody. Unauthorized inspection or disclosure of state returns or other confidential information or data is a misdemeanor (Revenue and Taxation Code Sections 19542, 19542.1, and 19552). Unauthorized inspection or disclosure of federal returns and other confidential federal return information or data is a misdemeanor or a felony (Internal Revenue Code Sections 7213A(a)(2) and (b), and 7213(a)(2), respectively).

For purposes of this exhibit, the terms “information” and “data” are used interchangeably and each, when used, encompasses the meanings of both terms. As used in this exhibit, the terms “confidential information” and “confidential data” each include “sensitive information and data”.

Each party, and each of its employees who may have access to the confidential data of the other party, will be required to have on file annually a signed confidentiality statement, attesting to the fact that it/he/she is aware of the confidential data and the penalties for unauthorized access, inspection, acquisition, or disclosure thereof under applicable state and federal law.

2. **USE OF INFORMATION**: Each party receiving data agrees that the information furnished or secured pursuant to this Agreement shall be used solely for the purposes described in the Scope of Work of Exhibit A. Each party receiving data further agrees that information obtained under this Agreement will not be reproduced, published, sold or released in original or in any other form for any purpose other than as identified in the Scope of Work of Exhibit A. **DATA OWNERSHIP**: The confidential tax information or other confidential information being provided under this Agreement remains the exclusive property of the providing party. Confidential tax information and other confidential information are not open to the public and require special precautions to protect from loss and unauthorized access, inspection, acquisition, use, disclosure, modification, or destruction. Each party shall have the right to use and process the disclosed information for the purposes stated in the Scope of Work of Exhibit A of this Agreement, which right shall be revoked and terminated immediately upon termination of this Agreement.
4. **EMPLOYEE ACCESS TO INFORMATION**: Each party receiving data agrees that the information obtained will be kept in the strictest confidence and shall make information available to its own employees only on a “need-to-know” basis. The “need-to-know” standard is met by authorized employees who need information to perform their official duties in connection with the uses of the information authorized by this Agreement. Each party receiving data recognizes its responsibility to protect the confidentiality of the information in its custody as provided by law and to ensure that such information is

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EXHIBIT D
SPECIAL TERMS AND CONDITIONS

disclosed only to those individuals and for such purposes as are authorized by law and this Agreement.

5. **PROTECTING CONFIDENTIAL INFORMATION/ INCIDENT REPORTING**: Each party receiving data, in recognizing the confidentiality of the information to be exchanged, agrees to take all appropriate precautions to protect the confidential information obtained pursuant to this Agreement from unauthorized access, use, or disclosure. Each party receiving data will conduct oversight of its users with access to the confidential information provided under this Agreement, and will immediately notify FTB's Information Security Audit & Investigations Unit (SecurityAuditMail@ftb.ca.gov) of any unauthorized or suspected unauthorized accesses, uses and/or disclosures (incidents). For purposes of this section, "immediately" is defined as within 24 hours of the discovery of the breach or suspected breach. The notification must describe the incident in detail and identify responsible personnel (name, title and contact information). The party with an incident will comply with the incident reporting requirements in accordance with Civil Code Section 1798.29, State Administrative Manual (SAM) Chapter 5300 and Section 20080, and State Information Management Manual 5340-A and 5340-C to facilitate the required reporting to the taxpayer(s) or state oversight agencies.
6. **INFORMATION SECURITY**: Information security is defined as the preservation of the confidentiality, integrity, and availability of information. A secure environment is required to protect the confidential information obtained by each party pursuant to this Agreement. Each party receiving data will store information so that it is physically secure from unauthorized access. The records received will be securely maintained and accessible only by employees of the specified program who are committed to protect the data from unauthorized access, acquisition, use or disclosure. Confidential information obtained from FTB must be secured in accordance with the SAM Chapters 5100 and 5300 (Information Security), and National Institute of Standards and Technology (NIST) Special Publication 800-53 (moderate). If this Agreement calls for Federal Tax Information (FTI) to be provided by FTB, the receiving party must also comply with Internal Revenue Service Publication 1075. FTB may require that a Security Questionnaire for the party receiving confidential data from FTB be completed or be on file with FTB's Chief Security Officer, or their designee.
7. **CLOUD COMPUTING ENVIRONMENT**: Parties receiving FTB's confidential data must submit a completed FTB Cloud Security Questionnaire before using a Cloud Computing Environment. The questionnaire will be reviewed for approval by FTB's Chief Security Officer, or their designee. A Cloud Computing Environment cannot be used to receive, transmit, store or process FTB's confidential data without prior written approval from FTB's Chief Security Officer, or their designee.

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EXHIBIT D
SPECIAL TERMS AND CONDITIONS

8. **DESTRUCTION OF RECORDS**: All records received by the parties under this Agreement, and any database(s) created, copies made, or files attributed to the records received, shall be destroyed when they are no longer needed for the business purpose for which they were obtained. The records shall be destroyed in a manner to be deemed unusable or unreadable, and to the extent that an individual record can no longer be reasonably ascertained.
9. **SAFEGUARD REVIEW**: The providing party retains the right to conduct on-site safeguard reviews of the other party's use of information and the security controls established. The party requesting the safeguard review will provide a minimum of seven (7) days' notice of the review being conducted.
10. **DISPUTE RESOLUTION**: In the event of a dispute, CRSB shall file a "Notice of Dispute" with FTB's Chief Financial Officer within ten (10) days of discovery of the problem. Within ten (10) days, FTB's Chief Financial Officer, or their designee, shall meet with CRSB's Designee for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.
11. **POTENTIAL SUBCONTRACTORS**: Prior to the use of any subcontractor to store, use, process, transmit, and/or access FTB data, notification to, and written approval from FTB is required 60 days in advance. The notification must include complete name and address of the entity, location(s) where the data is or will be stored or used, and contact information. FTB will require a Security Questionnaire from the subcontractor(s) and perform risk analysis to meet FTB's security requirements, prior to allowing the subcontractors(s) access to FTB data.

Nothing contained in this Agreement or otherwise shall create any contractual relationship between FTB and any subcontractors, and no subcontract shall relieve CRSB of its responsibilities and obligations hereunder. CRSB agrees to be as fully responsible to the FTB for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by CRSB. CRSB's obligation to pay its subcontractors is an independent obligation from any obligation of FTB to make payments to CRSB. As a result, FTB shall have no obligation to pay or to verify the payment of any monies to any subcontractor or agent of CRSB.

12. **DENIAL OF ACCESS TO SUBCONTRACTOR**: FTB reserves the right to deny access to CRSB's subcontractor immediately in the event FTB determines, in its sole discretion, that the subcontractor is not in compliance with, or at any time in the past has not complied with, any terms or conditions of this Exhibit D, or that the results of an FTB safeguard review of the subcontractor's use of FTB information or security controls established are not satisfactory to FTB. FTB will provide written notice to CRSB upon termination of the

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The information contained in this document has not been finalized and is subject to change.

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subcontractor's access. Unless terminated earlier, subcontractor's access shall be terminated automatically upon termination of this Agreement, without further notice to the subcontractor. The subcontractor's obligations to protect the confidentiality of FTB's data and information, including the destruction of records, shall survive the termination of the subcontractor's access to FTB data and information under this Agreement and the termination of this Agreement.

13. SURVIVAL OF OBLIGATION TO PROTECT DATA: Each party's obligation to protect the data and information received from the other party shall survive the expiration or termination of this Agreement. In the event a party continues to provide any data or information to the other party after the expiration or termination of this Agreement, the receiving party agrees to continue to protect all such data and information received in accordance with the provisions of this Exhibit D, and all applicable state and federal laws.

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