

## **EXHIBIT A SCOPE OF WORK**

This Agreement is entered into by and between the Franchise Tax Board, herein after referred to as (FTB), and the City of Moreno Valley, herein after referred to as the City.

### **Purpose:**

This Agreement provides for the reciprocal exchange between FTB and the City tax data specific to city business license information for tax administration purposes. By entering into a reciprocal agreement, each party agrees to bear its own costs of providing the data, and the City is precluded from obtaining reimbursement.

Both parties will abide by the legal and confidential provisions of this Agreement. Exhibits A, C, D, E, F, and G, attached hereto and incorporated by reference herein, set forth additional terms to which the parties agree to be bound.

No Federal Tax Information will be exchanged.

### **Legal Authority:**

California Revenue and Taxation Code (R&TC) Section 19551.1 authorizes a reciprocal agreement for the exchange of specified tax information between a City/County and FTB. R&TC Section 19551.5 mandates cities/counties to provide city/county business licensing and tax information to FTB upon request.

### **City Responsibilities:**

1. The City agrees that the information provided by FTB will be used exclusively to administer the City/County Business Tax Program.
2. The City 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; and will only be accessed or used by City employees whose duties are to administer the City/County Business Tax Program.
3. The City agrees to provide FTB with tax information pursuant to Format Specifications, Exhibit E, which shall include, but not be limited to, the following:
  - Business or owner's name
  - Business address
  - Federal Employer Identification Number (FEIN) or Social Security Number (SSN)
  - Ownership type
  - North American Industry Classification Code or Standard Industry Classification Code
  - Business start and cessation dates
  - City Business Tax Number, to be assigned to the City by FTB
4. The City agrees to extract and provide city data to FTB annually between April and July for each tax year that the Agreement is in place. If the Agreement is executed after July 31, 2023, the City will have 30 days after execution to provide FTB with the first year's data.

5. The City agrees to submit the records to FTB electronically using FTB's Secure Web Internet File Transfer (SWIFT) system.
6. The City agrees to submit the records to FTB in ASCII fixed-length format, .txt, per the Format Specifications, Exhibit E.
7. The City agrees to resubmit data in the event data is initially submitted with errors. The resubmission of data must be within 30 days of notification. If data is not submitted accurately and timely, the City will forfeit its rights to FTB data for that year.
8. The City agrees that each City employee having access to FTB data shall sign a City/County Business Tax Program Confidentiality Statement, FTB 712 (Exhibit G). The signed statement is to be retained by the City and produced to FTB upon request.
9. The City agrees to submit to FTB a completed Security Questionnaire prior to receiving any FTB data. The Security Questionnaire is valid for the duration of the Agreement.
10. The City agrees to provide a copy of the current resolution, order, or minutes reflecting passage of a motion, or ordinance of the local governing body authorizing the execution of this specific Agreement.

**FTB Responsibilities:**

1. FTB agrees that information provided by the City will be used for tax administration and non-tax programs that FTB administers and may be shared with other state or federal agencies as authorized by law.
2. FTB 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, except as provided in paragraph 1 or otherwise authorized by law.
3. FTB agrees to provide the City with data extracted from the Taxpayer Information (TI) system and Business Entities Tax System (BETS). FTB will provide the City with records for taxpayers within the City's jurisdiction who indicate a business on their personal or business entity income tax return. The Record Layout, Exhibit F, FTB 909A shall include:
  - Taxpayer name
  - Taxpayer address
  - Taxpayer SSN or FEIN
  - Principal Business Activity code
4. FTB agrees to match the data provided by the City using the SSN or FEIN against FTB's data with a "Yes" or "No" indicator on the Record Layout, Exhibit F, FTB 909A. The first year's data match is at the discretion of FTB based on when the data is received from the City and processed.
5. FTB agrees to provide the City with an annual data extract in December 2023 for tax year 2022, in December 2024 for tax year 2023, and in December 2025 for tax year 2024 via SWIFT.

6. FTB agrees to register the City for a SWIFT account allowing for the secure electronic transmission of data.
7. FTB agrees to provide the City with a unique City Business Tax Number to be used for reporting purposes only.
8. FTB agrees to allow the City to resubmit data within 30 days of notification, in the event data is initially submitted with errors.

**Project Coordinators:**

The project coordinators during the term of this Agreement will be:

**Franchise Tax Board**

Kay Han  
City/County Business Tax Program Analyst  
Data Oversight Program  
P.O. Box 1468, Mailstop A181  
Sacramento, CA 95812-1468  
Phone: (916) 845-0638  
Email: [FTBCCBT@ftb.ca.gov](mailto:FTBCCBT@ftb.ca.gov)

**City of Moreno Valley**

Gordon MacDonald  
Applications & Database Administrator  
14177 Frederick Street  
Moreno Valley, CA 92552  
Phone: (951) 413-3417  
Email: [Gordonm@moval.org](mailto:Gordonm@moval.org)

Return executed agreement to:

**Franchise Tax Board**

Kay Han  
City/County Business Tax Program Analyst  
Data Oversight Program  
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**EXHIBIT B**  
**BUDGET DETAIL AND PAYMENT PROVISIONS**

This data exchange is provided at no cost.

**EXHIBIT D**  
**SPECIAL TERMS AND CONDITIONS**

1. **DATA OWNERSHIP:** The confidential tax information or sensitive 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. The City (or County) 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.
2. **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, and 19542.1). 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).

Upon the approval of this agreement and prior to any access to the confidential or sensitive data of the FTB, each City (or County) employee who may have access to the confidential data of FTB will be required to sign a City/County Business Tax Program Confidentiality Statement, FTB 712 (Exhibit G), attesting to the fact that he/she is aware of the confidentiality of the data and the penalties for unauthorized disclosure thereof under applicable state and federal law. The signed statement(s) shall be retained by the City (or County) and furnished to FTB upon request.

3. **USE OF INFORMATION:** The City (or County) 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. The City (or County) 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.
4. **EMPLOYEE ACCESS TO INFORMATION:** Both FTB and the City (or County) receiving data agree 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 the 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 ensure that such information is disclosed only to those individuals and for such purposes as authorized by law and this Agreement.
5. **PROTECTING CONFIDENTIAL INFORMATION/ INCIDENT REPORTING:** Both FTB and the City (or County) 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](mailto: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 City (or County) 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 Sections 8643, and State Information Management Manual 54340-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 from FTB pursuant to this agreement. The City (or County) receiving data will store information so that it is physically secure from unauthorized access. The records received by the City (or County) will be securely maintained and accessible only by employees of the City (or County) business license or tax programs who are committed to protect the data from unauthorized access, use, or disclosure. All FTB electronic data must be encrypted when in transit using FIPS 140-2 approved encryption technology and be password protected and secure at all times when in storage. Confidential information obtained from the 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); and additional security requirements provided by FTB.
7. **CLOUD COMPUTING ENVIRONMENT:** A City (or County) 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 his/her 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 his/her designee.
8. **DESTRUCTION OF RECORDS:** All records received by the City (or County) from FTB under this Agreement, and any database(s) created, copies made, or files attributed to the records received, shall be destroyed within three years of receipt or upon termination of the agreement due to a breach of its terms, whichever occurs earlier. 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. The City (or County) will notify FTB City/County Business Tax program manager annually in writing at [FTB\\_CCBT@FTB.CA.GOV](mailto:FTB_CCBT@FTB.CA.GOV) that proper destruction methods have been applied. FTB will destroy city/county data in accordance with the department's data retention policies.
9. **DISPUTE RESOLUTION:** In the event of a dispute, the City (or County) 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 his/her designee shall meet with the City (or County) for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.
10. **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.

11. ONSITE SAFEGUARD REVIEW: FTB retains the right to conduct on-site safeguard reviews of the City (or County) use of FTB information and security controls established. The safeguard reviews may include, but are not limited to an examination of the adequacy of information security controls, "need to know," and use justifications established by the City (or County) to ensure compliance with the terms and conditions of this agreement. FTB will provide a minimum of seven (7) days' notice of a safeguard review being conducted by FTB staff. The City (or County) will take appropriate disciplinary actions against any user determined to have violated security or confidentiality requirements.
12. LIMITED WARRANTY: Neither party represents or warrants the accuracy or content of the material available through this Agreement, nor each expressly disclaims any express or implied warranty, including any implied warranty of fitness for a specific purpose.
13. CANCELLATION: Either party may terminate this Agreement, in writing for any reason, upon thirty (30) days' prior written notice. This Agreement may be terminated immediately by either party in the event of any breach of the terms of this Agreement.
14. NO THIRD PARTY LIABILITY: Nothing contained in or related to this agreement shall create any contractual relationship between either of the Parties and any other party, except between FTB and the City (or County); and no other party shall relieve the City (or County) or FTB of its responsibilities and obligations hereunder. Each of the parties agrees to be fully responsible for the acts and omissions of its third party contractors and agents, and of persons either directly or indirectly employed by the party. Neither of the parties shall have any obligation to pay, or to see to the payment of, any monies to any party or persons either directly or indirectly employed by the other.
15. EXECUTIVE ORDER N-6-22 RUSSIA SANCTIONS: On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

**EXHIBIT E**  
**CITY AND COUNTY RECORD LAYOUT SPECIFICATIONS (FTB 909)**

<b>Data Element Name</b>	<b>Start Position</b>	<b>End Position</b>	<b>Field Size</b>	<b>Description</b>
Social Security Number (SSN)	1	9	9	Must be present unless FEIN is provided. Fill unused fields with zeros.
Federal Employer ID Number (FEIN)	10	18	9	Must be present unless SSN is provided. Fill unused fields with zeros.
Ownership Type	19	19	1	Must be present. Use only acceptable values listed here: <b>S</b> = Sole Proprietorship <b>P</b> = Partnership <b>C</b> = Corporation <b>T</b> = Trust <b>L</b> = LLC
Owner Last Name	20	34	15	Must be present if Ownership Type in position 19 = S.
Owner First Name	35	45	11	Must be present if Ownership Type in position 19 = S.
Owner Middle Initial	46	46	1	May be left blank.
Business Name	47	86	40	Enter if business is operating under a fictitious name (doing business as (DBA)).
Business Address	87	126	40	Address of the business location or the residence of the owner if sole proprietorship.
City	127	166	40	Must be present.
State	167	168	2	Enter the valid U.S. Postal Service (USPS) state abbreviation. Format = CA
ZIP Code	169	177	9	Enter the five- or nine-digit ZIP Code assigned by USPS. If only the first five digits are known, left justify information and fill the unused fields with zeros.



<b>Data Element Name</b>	<b>Start Position</b>	<b>End Position</b>	<b>Field Size</b>	<b>Description</b>
Business Start Date	178	185	8	Enter the eight-digit date (MMDDYYYY). If unknown, fill the field with zeros.
Business Cease Date	186	193	8	Enter the eight-digit date (MMDDYYYY) if out of business. If unknown, fill the field with zeros.
City/County Business Tax Number	194	196	3	Enter three-digit number assigned by FTB.
North American Industry Classification System (NAICS)	197	202	6	Enter the two- to six-digit NAICS code. Left Justify. Fill unused field with zeros (example, 99 will be 990000).
Standard Industrial Classification (SIC)	203	206	4	Enter the two- to four-digit SIC code. Left justify. Fill unused fields with zeros (example, 99 will be 9900).
Total Record Length		206		

**EXHIBIT F**  
**FRANCHISE TAX BOARD RECORD LAYOUT SPECIFICATIONS (FTB 909A)**

<b>Data Element Name</b>	<b>Length</b>	<b>Start Position</b>	<b>Description</b>
ENTITY TYPE	1	1	"P" – Personal income tax record "B" – Business entity tax record
SSN or FEIN	9	2	For "P" records, primary taxpayer's social security number (SSN) For "B" records, federal employer identification number (FEIN)
LAST NAME	40	11	For "P" records, primary taxpayer's last name For "B" records, business name
FIRST NAME	11	51	For "P" records <b>only</b>
MIDDLE INITIAL	1	62	For "P" records <b>only</b>
SPOUSE SSN	9	63	For "P" records filed with a joint return
SPOUSE LAST NAME	17	72	For "P" records filed with a joint return
SPOUSE FIRST NAME	11	89	For "P" records filed with a joint return
SPOUSE MIDDLE INITIAL	1	100	For "P" records filed with a joint return
PBA CODE	6	101	For "P" records, principal business activity (PBA) code
ADDRESS NUMBER	10	107	
PRE-DIRECTIONAL DIRECTOR	2	117	Postal Service term referring to the directional word that is located before the street name and suffix (i.e., N, S, E, W, NE, NW, SE, SW)
STREET NAME	28	119	
STREET SUFFIX	4	147	e.g. ST, WAY, HWY, BLVD, etc.
POST-DIRECTIONAL INDICATOR	2	151	Postal Service term referring to the directional word that is located after the street name and suffix (i.e., N, S, E, W, NE, NW, SE, SW)
STREET SUFFIX 2	4	153	
APARTMENT/SUITE NUMBER	10	157	e.g., APT, UNIT, FL, etc.
CITY	13	167	
STATE	2	180	Standard state abbreviation
ZIP CODE	5	182	The five-digit ZIP Code assigned by the U.S. Postal Service
ZIP CODE SUFFIX	4	187	Provide if known
CCBT MATCH	1	191	"N" – No match per CCBT data. "Y" – Yes: CBT matched to state tax return filed
TOTAL RECORD LENGTH		191	

**EXHIBIT G**  
**CONFIDENTIALITY STATEMENT (FTB 712)**



STATE OF CALIFORNIA  
DISCLOSURE OFFICE MS A181  
**FRANCHISE TAX BOARD**  
PO BOX 1468  
SACRAMENTO CA 95812-1468

**City/County Business Tax Program Confidentiality Statement**

Confidential tax data is protected from disclosure by law, regulation, and policy. Information security is strictly enforced; violators may be subject to disciplinary, civil, and/or criminal action. Protecting confidential tax data is in the best interest of the city, county, and state.

As a city/county employee, you are required to protect all information received from the Franchise Tax Board (FTB). To protect confidential tax data, you must:

- **Access or modify tax data solely to perform official duties.**
- **Never access or inspect tax data for curiosity or personal reasons.**
- **Never show or discuss confidential tax data with anyone who does not have a need to know.**
- **Never remove confidential tax data from your worksite without authorization.**
- **Place confidential tax data in approved locations only.**

Unauthorized inspection, access, use, or disclosure of confidential tax data is a crime under state laws including, but not limited to, California Revenue and Taxation Code Sections 19542 and 19552 and Penal Code Section 502. Unauthorized access, inspection, use, or disclosure may result in either or both of the following:

- **State criminal action**
- **Taxpayer civil action.**

***I certify that I have read the confidentiality statement printed above. I further certify and understand that unauthorized access, inspection, use, or disclosure of confidential information may be punishable as a crime and may result in disciplinary and/or civil action against me.***

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Name (print)

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Signatur

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Each city/county employee accessing FTB data must retain a signed copy of this form and provide it to FTB upon request.