



**BUREAU OF FISCAL SERVICES
PROCUREMENT UNIT**

**Request for Information (RFI) 19-602
Electronic Payment Processing Services**

February 21, 2020

The New York State Department of Taxation and Finance (“DTF” or “Department”) is requesting information from qualified vendors that are interested in providing the Department with Electronic Payment Processing Services.

This is a Request for Information (RFI) only. This RFI is issued solely for information and planning purposes – it does not constitute an Invitation for Bid (IFB) or Request for Proposals (RFP) or a promise to issue an IFB or RFP in the future. Responders are advised that the State will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the responders’ expense. Not responding to this RFI does not preclude participation in any future IFB or RFP, if issued.

The intent of this RFI is to collect information from the vendor community to help guide the Department to procure a comprehensive and cost effective solution for Electronic Payment Processing Services.

This document contains the Overview of the Electronic Payment Processing Services, including instructions to request the Preliminary Requirements and Response Form.

- Overview
 - DTF Payment Processing Structure
 - Key Required Services
- Preliminary Requirements and Response Form (available upon request; see below)

This RFI document, including any amendments, clarifications and announcements related to this RFI will be posted on the Department’s website at: <http://www.tax.ny.gov/about/procure>.

Overview

The New York State Department of Taxation and Finance is seeking a State or Federally chartered bank to provide a solution of comprehensive Electronic Payment Processing Services for various NYS tax programs. Services include, but are not limited to, deposit, payment processing, reconciliation, banking services, a vendor-hosted payment database and applications, and transmission of data, reports, and files using secure data exchanges to support four electronic payment methods: ACH Debit, ACH Credit, Fedwire, and Credit Card.

These payment transactions originate from paper documents, electronically filed documents through DTF-hosted web applications, electronic filed payments through Modernized e-File (“MeF”) using third party tax software, and customer services representatives. In 2019, the Department processed over 12.7 million electronic payments representing \$104 billion in revenue.

I. DTF Payment Processing Structure

The solution must support the following structure of the Department’s payment processing services:

Request for Information (RFI) 19-602 Electronic Payment Processing Services

- a. **PromptTax** – A statutorily mandated high-value electronic payment program which allows for ACH Debit, ACH Credit, and Fedwire payments. The PromptTax program consists of five tax programs and currently accounts for 3.6 million payments totaling \$70 billion annually.
- **ACH Debit** – After logging into their secure DTF Online Services (“OLS”) account, the taxpayer will be passed to the vendor-hosted web application through a secure exchange from DTF. The secure exchange will carry taxpayer sensitive data to allow the association of payments to a specific taxpayer. The vendor-hosted application must have the same look and feel as the Department’s web applications and comply with the [New York State standards for accessibility](#). The vendor-hosted application will collect ACH Debit payment data, after applying tax specific business rules for both processing the payment and creating data records, to update the vendor-hosted payment database. The solution will maintain quality controls which minimize occurrences of unintended duplicate payment transactions being submitted by a taxpayer, however, allowing for multiple intended payments.
 - **ACH Credit and Fedwire** – PromptTax taxpayers can initiate ACH Credit and Fedwire transactions from their financial institutions targeted to specific DTF bank accounts. The payment’s addenda or Originator to Beneficiary Information (“OBI”) records contain payment application instructions that will be parsed and used to create data records to update the vendor-hosted payment database. Exception ACH Credit and Fedwire transactions with missing or invalid addenda records (i.e., no addenda record, incorrectly formatted, information not matching file) will be identified and corrected using processing rules provided by the Department. In addition to parsing data, all raw data found on an addenda records or OBI records associated with ACH Credits and Fedwires will be provided to the Department.
- b. **Non-PromptTax** – Various other taxes and methods of payments that are not regulated by PromptTax legislation.
- **Batch ACH Debit program** – This program consists of payments that DTF collects from taxpayers through various methods, such as OLS web applications, MeF, customer service representatives, and paper tax filings. The Batch ACH Debit program currently consists of 24 tax programs and accounts for 8.8 million payments totaling \$31 billion annually. DTF transmits batch files of payments in an XML file(s). The data in the files is used to process ACH Debit payments and create data records to update the vendor-hosted payment database. The batch files will contain the information necessary to determine the Standard Entry Class (“SEC”) Code (e.g. account type and authorization method). The solution must ensure all transactions are processed using the correct SEC code.
 - **ACH Credit and Fedwire** – At this time, DTF has two non-PromptTax tax programs that accept ACH Credit and Fedwire payments. These payment methods currently account for 6,700 payments totaling \$2.9 billion annually. Taxpayers can initiate ACH Credit and Fedwire transactions from their financial institutions, targeted to a specific DTF bank account. The payments will be used to create data records, with default values, to update the payment database. All raw data found on an addenda records or OBI record associated with ACH Credits and Fedwires will be provided to the Department.
 - **Credit Card** – At this time, DTF has three tax programs that accept Credit Card payments. This payment method currently accounts for 260,000 payments totaling \$177 million annually. The Department may expand Credit Card use in the future. The Department requires vendors remain in compliance with the Payment Card Industry Data Security Standards (“PCI DSS”) at all times. The Department will require

Request for Information (RFI) 19-602 Electronic Payment Processing Services

documentation annually to demonstrate PCI DSS compliance. In addition, DTF must not electronically receive any cardholder data in which the entire Primary Account Number (“PAN”) is readable.

Taxpayers can initiate Credit Card payments on a vendor-hosted web application or vendor-hosted interactive voice response (IVR):

- **Web Application** – After logging into their secure DTF OLS account, the taxpayer can access the vendor-hosted application through a secure exchange from DTF. The vendor-hosted application will collect payment data for both processing the payment and creating data records to update the vendor-hosted payment database.
- **IVR** – Taxpayers will call a vendor-hosted IVR to enter payment information. The vendor-hosted application will collect payment data for both processing the payment and creating data records to update the vendor-hosted payment database.

Note: The stated annual volumes and revenues are for 2019, based on the current tax programs. In the future, there may be additional tax programs that will need these services, which may result in significant increase in volume.

II. Key Required Services

The following key services are required to support the payment processing structure:

- a. Payment processing services for ACH Debit, ACH Credit, Fedwire, and Credit Card transactions;
- b. Crediting DTF’s bank accounts in full, with no holds, on the taxpayer-selected settlement date for all ACH Debit and Credit Card payments;
- c. Developing, maintaining, and updating a vendor-hosted payment database for all ACH Debits, ACH Credits, Fedwires, and Credit Card payments as well as storing both payments initiated through vendor-hosted applications and payments sent to the vendor from DTF. The payment database will facilitate the following functionality:
 - An administrative web application from which DTF can inquire on the details for all payments, transfer payments to correct bank accounts, cancel future payments (the database must warehouse ACH Debit payments for up to one year), create chargeback and chargeback reversal data records, and create reports.
 - Create daily data transmission files to DTF, by tax program, for processed payments. Create daily data transmission files to DTF, by tax program, for canceled, returned, and transferred payments.
 - Ability for taxpayers to view their payment history and cancel scheduled payments via various DTF OLS web applications. This functionality will be made available to taxpayers through a web service call from DTF. The service must support multiple key retrievals (e.g., taxpayer ID number and Deposit Locator Number) for all transactions, and allow for maintenance to DTF’s composite key structure when key components change (e.g., taxpayer ID consolidations, DTF’s OLS account information changes).
 - Ability for taxpayers to save their payment data for ACH Debit (e.g., bank account and ABA RTN).
- d. Daily file monitoring to ensure successful transmission of daily data files to the Department and receipt by the Department;

Request for Information (RFI) 19-602 Electronic Payment Processing Services

- e. Peak period processing, with increased transaction volumes, as dictated by various tax program due dates;
- f. Ability to receive and process multiple data transmissions from DTF per tax program, and provide the ability for DTF to create multiple daily payment data transmissions based on transaction count (i.e. file splitting);
- g. Attention to processing parameters related to state holidays (e.g. daily data transmissions will not be sent or received);
- h. A vendor-hosted online payment solution for ACH Debit and Credit Card payments. This solution will integrate with DTF's OLS applications;
- i. Taxpayer services including IVR support to assist taxpayers with making ACH Debit and Credit Card payments;
- j. Delivery/transmission of complete deposit data that reconciles to the day's bank account activity;
- k. Delivery/transmission of complete adjustment transactions (including canceled payments). Data will include elements from the original transactions, associated adjustment, return, or cancel information, for all payment types;
- l. Support to the Department, at a minimum between 8:00 a.m. to 5:00 p.m. ET regarding any and all payment issues, bank statements, and administrative site research and resolution. Support must also include processing of ACH reversal requests;
- m. Standard and ad-hoc reporting functionality for all transaction data elements; and
- n. Provide a revenue resiliency system that allows for the Department to maintain receipt of payment in the event of DTF systems being unavailable. Transactions will only be initiated using this method in the event of need, and solely at the Department's direction. The revenue resiliency system will support login and authentication at the vendor site for both PromptTax and non-PromptTax taxpayers, bypassing the current need to login through OLS to initiate an ACH Debit payment. From this direct login, taxpayers will be able to select to pay a PromptTax payment discussed above in Section I.a of this document (PromptTax ACH Debit), or select a number of other tax payments that are normally processed on Department-hosted website discussed above in Section I.b of this document (batch programs). This service will require:
 - A vendor-hosted login page which allows for authentication using DTF data;
 - Storing and updating taxpayer data from DTF to facilitate login; and
 - Providing the option to pay PromptTax via ACH Debit and pay select non-PromptTax programs via ACH Debit, including the filing of extensions with or without an ACH Debit payment. No other electronic payment methods will be supported through this system.

Preliminary Requirements and Response Form

An interested vendor should contact the Department to request the Preliminary Requirements, which includes the Response Form. Please email or call the Department by March 6, 2020 at the contact listed below:

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