

Vendor Database Certification

This document is intended to provide states a uniform process to certify a vendor address-based database to be used to identify the taxing jurisdiction(s) of a particular address. There is no requirement for a state to certify a vendor address database or for a state to provide liability relief if the state elects to certify. This certification applies only to situations where the database is intended for sale at retail.

1) Definitions

a) An *address-based database* ("database") is a system by which a user of such system can determine whether an address is within the boundaries of a state and one or more local tax jurisdictions. A "system" can be one or more software applications and/or other electronic processes by which the provider (vendor) determines which state and local sales tax jurisdictions apply to a particular address. The vendor supports the address-based database.

b) A *tax jurisdiction* is any governmental entity or special tax district located within a state that levies a sales and/or use tax. "Special tax districts" include, but are not limited to, rural transportation authority districts, local marketing districts, mass transit districts, multi-jurisdictional housing authority districts, regional library districts, and local improvement districts. Tax jurisdictions can be classified into the following four categories: state, county, city, or special tax district.

2) Procedures for Database Certification

a) In accordance with Section 305, sub-section (H) of the Streamlined Sales and Use Tax Agreement (SSUTA), states may elect to certify vendor-provided address-based databases. A vendor requesting certification of its database shall give authorization for a certifying agency (state) to access its address-based database for the sole purpose of verifying the accuracy of the database in determining the proper tax jurisdiction.

b) A vendor application for certification may be made to each individual state in accordance with state procedures.

c) For purposes of certification, a state may require that the address database file structure be the same as described in the SST Rates and Boundary Database Instructional Paper. This document is available on the Streamlined SalesTax web site.

d) A certifying state will notify the vendor of the schedule for recertification. A certification cycle shall not exceed two years.

3) Certification Criteria. The Database must satisfy the certification criteria set forth below.

a) *Accuracy.* The state will provide the vendor with its required minimum acceptable level of accuracy. A database will not be certified if it does not achieve the acceptable level of accuracy for all associated tax jurisdictions that are assigned to a particular address.

b) Relief of liability due to incorrect identification of tax jurisdiction(s) is at the discretion of the certifying state and not a condition of the Streamlined Sales and Use Tax Agreement .

c) *Identifiably of Tax Jurisdictions.* The taxing jurisdiction categories include: state, county, city, or special tax district. A database will not be certified if it is not capable of identifying all tax jurisdictions within each of the categories.

d) *Response.* Each address lookup shall include a response for each assigned category: state, county, city, or special tax district. Failure to provide a response to any category shall be deemed an error with respect to that category. A response in a tax category is deemed incorrect if the response identifies incorrectly or fails to identify a tax jurisdiction in which a given address is located.

e) *Access to Database For Verification of Address Locations.* The state must have a way to conveniently and quickly determine whether a database correctly places a given address within the correct jurisdiction. Consequently, as a condition of certification, the vendor must make available a means by which representatives of the state can determine whether the database places a given address within the correct state and taxing jurisdictions. The vendor shall work cooperatively with the state to facilitate the validation of addresses against the database.

f) *Prompt Updating of Information.* Should the certifying state determine that a given address is incorrectly identified, there must be a convenient means to inform the vendor of the error. Furthermore, a vendor shall have in place a documented process for promptly and regularly updating and correcting its database, including those circumstances when information concerning errors and omissions is received from the state. Consequently, a condition of database certification is that:

1.) The certifying state provides a reliable process for notifying the vendor that the database is in error with respect to one or more addresses, and

2.) The vendor agrees to promptly update its database with the corrected information provided by the state. Updates can only occur at the beginning of each quarter.

g) *Version Designation – Record Retention.* A condition of database certification is that vendors provide a convenient means by which a certifying state can identify the version of the address database that was in effect on any given date while

certified under these rules. The vendor must maintain such records for no less than five years from the beginning of the initial certification period.

h) Test Data. A principal responsibility of the certifying state is to provide test data and verify the accuracy of the database in determining the proper tax jurisdiction. When creating the test data, each state should adhere to the formats in place and described in Appendix E of Article V, Rules and Procedures of the Streamlined Sales and Use Tax Agreement.

4) Denial or Revocation of Certification. A certifying state may deny a request to certify or may revoke the certification of a vendor-provided address database for just cause. The certifying state may reassess at any time whether the database should continue to be certified. "Just cause" for denial or revocation of certification shall include, without limitation, that the database is not in compliance with the requirements and procedures established in this document.

a) The state shall give written notice to the vendor of intent to revoke or deny database certification.

b) The vendor shall have 30 days from the date of mailing of said notice in which to provide the state a written response explaining in detail why certification should be granted.

c) If certifying state statute allows and there are disputed issues of fact, the certifying state shall provide the vendor a hearing on said notice of denial or revocation.

d) Vendors shall provide users notice of revocation within an agreed upon period of time.. The vendor shall immediately remove any advertising from its webpage and all other media that indicated it was certified by the state that has revoked its certification. Failure of a vendor to provide such notice and remove such advertising may be sole reason to deny future application for database certification.