



**Report of the Uniformity Committee  
to the MTC Executive Committee  
Thursday, November 21, 2024**

Laurie McElhatton (California), Uniformity Committee Chair  
Phil Skinner (Idaho), Uniformity Committee Vice Chair

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**Current Uniformity Projects**

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The current uniformity projects involve ongoing work on significant state tax topics—taxation of partnership income, sales tax on digital products, and review of market-based receipts sourcing regulations. The committee has established work groups for the projects which have, in turn, been focusing on the issues in depth.

Each of the projects has its own webpage on the MTC’s website. Those project pages are used to capture information from meetings and discussions, research, outlines and drafts, etc. After the annual meetings in July 2024, the work groups have met using video conferencing in which there are typically between 50-100 attendees.

These work groups are continually reaching out to state members to determine their needs and to encourage them to give input into our process. We are fortunate to have state members who devote their time and considerable expertise to these projects—including those “regular participants” who have committed to ongoing involvement.

**State Taxation of Partnerships Project**

In April, 2021, the committee approved an income tax project to address state taxation of partnership income. It set up a work group in which 21 states are “regular participants” and which holds monthly meetings attended by a number of other states and members of the public. Laurie McElhatton (California) is chair of the work group and David Merrien (Montana) is vice chair.

The work group has researched and published:

- A comprehensive issue outline,
- A white paper on investment partnerships,
- A draft model for sourcing of investment partnership income,
- A white paper on the sourcing of guaranteed payments, and
- A draft model for the sourcing of guaranteed payments.

Note: The work group has agreed to defer finalizing draft models or other recommendations until it can address the most significant issues as outlined, to ensure that proposals and recommendations are consistent.

Recently, the work group began studying the sourcing of partnership income in complex, tiered partnership structures. Staff did a comprehensive survey of state rules on

this issue and published a summary of that research and has been receiving feedback from individual states. Staff also prepared an overview of partnership “special allocations” and will be considering the effect these allocations of income may have on the sourcing of that income.

Because of the complexity of these issues, MTC staff have been working on data-models, using examples of tiered structures with various issues, and actual numbers to determine if the approaches that work in theory will also work in practice. Staff are also monitoring developments in this area.

Information on this project can be found on the project webpage, here: [MTC Partnership Project Web Page](#).

### **Sales Taxation of Digital Products**

At its July 28, 2021 meeting, the Uniformity Committee approved a sales tax project to draft a white paper recommending the best approaches or options for taxing digital products. The committee asked MTC staff to conduct stakeholder interviews and prepare a detailed outline of the white paper. The committee then established a work group in July 2022, first chaired by Gil Brewer (Washington), before his retirement. Now, Tim Jennrich (Washington) and Mia Strong (Louisiana) are the work group’s chair and vice chair.

The work group has 18 states as “regular participants” and two Streamlined Board staff as ex officio members, and is having monthly meetings attended by a number of other state employees and members of the public. The work group has worked closely with the Federation of Tax Administrators (FTA) and Streamlined, which have also expressed formal support for the project.

Since the annual meetings in July 2024, the work group and MTC staff have been working on the issue of bundled transactions—where different products are combined in a single transaction for a single price, but would have different tax treatment if sold separately. The work group has decided to set up a study group of volunteers to go through an exercise applying the Streamlined bundling rules to some examples that include digital products to determine if digital products raise any unique issues for bundling.

MTC staff also revised the project page on the MTC website to accommodate all the information on this project and make accessing that information simpler as we continue to add more research and resources to that web page. See that project webpage, here: [MTC Digital Products Project Page](#)

### **Model Receipts Sourcing Regulation Review**

At its August 2, 2022 meeting, the Uniformity Committee agreed to undertake a project and form a work group to review its model receipts (sales) sourcing regulations for income apportionment purposes, including special industry regulations and more recently adopted market-based sourcing regulations. The goal of this project is to identify updates, corrections, or conforming changes, to consider issues that may not be sufficiently addressed by existing model regulations, and to make recommendations to the committee for its action.

The work group is chaired by Katie Frank (California) and has regular participants from various states—depending on the issue being addressed. At the July, 2024 meeting of the Uniformity Committee, the work group asked for direction from the committee on a proposal to adopt an model approach to sourcing receipts from ground transportation services that would use a delivery approach as an alternative to the mileage approach. After discussion and a motion to have the work group continue to work on the alternative delivery approach, the committee then took a vote of the states present, which failed to approve the motion. So the work group has shifted to airline transportation where there are issues that the current model does not specifically address.

The work group is most interested in having states and members of the public weigh in on where there may be a need to address gaps or inconsistencies in the current receipts sourcing rules and it expects to engage state members and the public to ask for any proposals or ideas for further work.

Information on this project is available on the MTC website, on the project page, here: [MTC Regulation Review Project](#)

### **Survey Results on Proposed Uniform Marketplace Facilitator Collection Certificate—Multi-Jurisdiction Form**

At the August 2, 2024 Uniformity Committee meeting, Michele Borens, Eversheds Sutherland attorney, presented a draft Marketplace Facilitator Collection Certificate – Multi-jurisdiction form for consideration. The purpose of the form is for a marketplace facilitator/provider to certify to its marketplace sellers that as of the specified date, the marketplace facilitator/provider will be responsible for collecting and remitting sales/use tax and other required taxes on facilitated marketplace sales for the states indicated on the form, relieving the marketplace seller from that responsibility.

The form is intended to address the problem created by some marketplace sellers that have resisted turning off their legacy sales/use tax collection systems, due to their concern over the risk that they could still be held liable for uncollected tax on those sales, even though the marketplace facilitator/provider is now legally required to collect tax on those same sales. This results in confusion and over-collection-of-tax situations that are difficult to resolve with state tax departments and the parties involved.

MTC staff circulated a survey to Uniformity Committee members on August 28, 2024 to identify the state tax departments that would approve use of this form on an optional basis in their states, and also to identify those state tax departments that would approve use of this form if specified changes were made or a footnote for the state were added to the form stating any restrictions or clarifications on its use. The following state tax departments approved use of the form: AL AR GA LA MA ND OK RI SD TX.

The following state tax departments were willing to consider approving use of the form if some suggested changes are made: CO KY MI NM VT WI. These state tax departments indicated that they cannot approve the form, with or without changes: HI MD MN NE NJ TN UT.

A revised draft of the form is being circulated for approval by those state tax departments that requested revisions to the form, with the goal of finalizing the form and list

of states approving its use, making it publicly available for download from the MTC website.

Again, the Uniformity Committee is fortunate to have the participation of state members with a wide range of experience and expertise in these state tax issues and a willingness to share information and work together on common solutions. We also thank members of the public for contributing to this process.