



MEETING NOTES
MTC Work Group – Sales Taxation of Digital Products
February 19, 2026

I. Welcome, Review of Notes from Previous Call, and Initial Public Comment

Tim Jennrich (Washington), chair of the Work Group, convened the meeting and noted this week’s convergence of Mardi Gras, Lunar New Year, Ramadan, and Ash Wednesday. Tim then stated the notes from the previous meeting were online.

Tim invited initial public comment. There was no public comment.

II. Status Report – Proposed Write Up of White Paper

Tim moved to the first agenda item and noted we would be looking back and looking forward during today’s meeting. He recounted some history of the project and its study of both the broad and incremental approaches, among others, to taxing digital projects and various other aspects of the project so far.

Tim then noted that the group had covered several of the major topics included in the white paper outline, pivoting between them along the way. He stated it is again time to pivot, this time toward drafting the white paper. He said this will require the staff and work group members to rely on all the research and work that has been done previously.

Tim stated his vision is that the group will finalize various white paper sections by the time of the MTC’s 2026 annual meeting. He then turned to Helen Hecht (MTC) for a status report on the white paper.

Helen noted that there would be a number of travel themes used in her report. She began by saying that the goal of many uniformity projects is to recommend one uniform approach to some state tax issue—both for simplicity and to avoid duplicative taxation. But the goal of other projects, like this one, is to find one or more workable ways of doing something that states might use, depending on policy choices. Here, the question is how states that choose to tax digital products might do so and what issues are raised by a broad or incremental approach that policymakers will need to address. For this reason, the work group has been tasked with drafting a white paper rather than a uniform statute, set of rules, or definitions.

Helen briefly reviewed the history of the project and pointed to the initial issue outlines. She noted where these outlines and supporting information could be found on the MTC website on the project webpage. Helen described the current version of the issue outline as the project’s “roadmap.” This outline has been embedded into the project webpage as a “digital outline” (a subpage with links to the

different topics) and that digital outline also contains links to the resources the work group has developed and identified.

Tim noted that the digital outline features an appendix containing some of the primary sources which, in some cases, are also linked in other places in the outline. Helen stated that the eventual white paper would be in PDF format with active links to the webpage. The appendix would house the underlying information in full.

Helen noted that much of the information is also organized according to the work group meeting during which it was considered and can be found with the link for each meeting on the project home page with all the related information and materials. Helen also noted the two study groups that were formed and completed for which there is information on the project home page.

Helen noted that the work group has accumulated various “souvenirs” along the way. These include the various resources and alternative ways states are or may do things that are captured on the project page and the digital outline. This also includes the issues that have been brought to the work group’s attention to be addressed. Many of these souvenirs will be integrated into the white paper.

Helen then moved from the slides to the project webpage to show the digital outline there and how to navigate it. She stated that some resources would be moved into the related topic areas of the digital outline and that the outline would then become background information for the white paper and each topic.

Helen again stated the white paper would be a PDF document and the digital outline on the webpage would hold the background information for the white paper. She stated there would be live links in the white paper linking to the information in the digital outline. Helen described the white paper as the travel guide and stated her intention to have a substantial draft for the April in-person meetings but that the work group could meet before then to discuss any issues and substantial revisions.

Karl Frieden (COST) asked whether the white paper would address narrow, medium, and broad approaches. Tim and Helen responded that the work group has reviewed information developed by staff describing these different approaches and this information would be included in the white paper along with the definition considered by the study group. Helen also noted that the issues the work group has discussed have been discussed in the context of taxing digital products generally and also that the work is not trying to duplicate what Streamlined has done or to take an approach that would be inconsistent with the approach it has developed.

Karl stated that the business community hopes that business-to-business purchases would be exempted. He stated it was practical and politically expedient to do that. Karl also stated that he hopes the work group will recommend that any approach focus on business-to-consumer transactions.

Mia Strong (Louisiana), vice-chair of the work group, noted that Karl’s option might be something to discuss at a follow-up meeting.

Helen then discussed a recent report from the Council of Economic Advisors regarding the ability of states to expand the sales tax base and use that tax revenue to repeal state income taxes. Helen noted that various groups reacted to this, with some taking issue with the generous revenue projections. These groups noted that it would not be possible for states to tax many of the categories of items

assumed to be included in the tax base. And this, in turn, is relevant to the work group because we have encountered problems coming up with accurate estimates of the amount of revenue associated with particular categories of digital products, in part because the products are constantly evolving. Tim noted this might also raise questions as to whether the revenue estimates used had included business-to-business transactions.

Tim invited other questions about the project and the plans for the white paper. There were none.

III. New Business

Tim then asked if there was any new business. There was none.

IV. Adjourn

Tim adjourned the meeting.