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# Artificial Intelligence (AI) Use Policy

Effective Date: [Insert Date] | Approved By: Keith J. Richardson, Executive Director | Review Cycle: Semi-Annual

## 1. Purpose

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This policy establishes standards and guardrails for the use of artificial intelligence (AI) tools by staff, contractors, and representatives of the Multistate Tax Commission (“MTC” or the “Commission”). It is intended to enable staff to benefit from AI-assisted productivity while protecting the confidentiality of member-state tax information, the integrity of MTC's analysis and publications, and the Commission's reputation as a trusted intergovernmental body.

## 2. Scope

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This policy applies to all MTC employees, interns, contractors (“staff”), and to all AI tools used in connection with MTC business, including generative AI chatbots, AI writing or coding assistants, AI features embedded in existing software (e.g., document, spreadsheet, or research platforms), and AI-based data analysis tools. It applies regardless of whether the tool is Commission-provided or independently accessed by staff.

## 3. Definitions

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- “AI tool” – any software that uses machine learning or generative models to produce text, code, analysis, images, or recommendations, including but not limited to large language model (LLM) chat assistants, AI search tools, and AI features within productivity software.
- “Confidential information” – information protected under state confidentiality statutes governing tax administration, non-public taxpayer data, draft audit or litigation positions, internal deliberations, and any information the Commission has not authorized for public release.
- “Approved AI tool” – an AI tool or software, that has been reviewed and authorized for use by MTC's IT function under Section 6.

## 4. Guiding Principles

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1. Confidentiality first. Member-state tax information and taxpayer data should never be entered into an AI tool unless that tool has been specifically approved for that purpose and appropriate data-handling agreements are in place.

2. Human accountability. AI may assist staff, but staff — not the AI tool — remain responsible for the accuracy, judgment, and appropriateness of any work product.
3. Proportionate risk management. Higher-risk uses (e.g., anything touching taxpayer or member-state confidential data) require stronger controls than low-risk uses (e.g., drafting a generic internal memo outline).

## 5. Permitted Uses

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Subject to the restrictions in Section 6 and the confidentiality requirements in Section 7, staff may use approved AI tools for activities such as:

- Drafting or editing internal memos, training materials, agendas, minutes, invoices, policies, and general correspondence that do not contain confidential information.
- Summarizing publicly available materials, such as published state statutes, regulations, court decisions, or other organizations' public reports.
- Brainstorming outlines, meeting talking points, or training materials.
- Generating or debugging code for internal tools, using synthetic or already-public sample data.
- Improving the clarity, tone, or grammar of documents that do not contain confidential content.
- Research assistance that is treated as a starting point requiring independent verification, not a final source.

## 6. Prohibited and Restricted Uses

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### 6.1 Prohibited without exception

- Entering non-public taxpayer information, taxpayer identifying details, or member-state confidential tax data into any AI tool that has not been specifically approved for that purpose with appropriate contractual data protections.
- Using AI output as the sole basis for a legal, policy, or audit-related conclusion without professional review and verification.

### 6.2 Requires prior approval from IT

- Connecting any AI tool to MTC email, shared drives, case management systems, or other internal systems via plugins, browser extensions, or API integrations.
- Using AI vendors' "enterprise" or "business" tiers where a data processing agreement has not yet been executed.
- Any bulk upload of MTC documents, datasets, or records to an AI platform for analysis or summarization.

### 6.3 Disciplinary Action

- Any staff member that engages in a prohibited use or a restricted use without approval from IT is subject to disciplinary action including suspension or termination of their employment with the Commission.

## 7. Data Handling and Confidentiality

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Before using any AI tool, staff must classify the information involved:

- Public – already published or approved for public release. May be used with approved AI tools.
- Internal, non-confidential – not yet public but not subject to statutory confidentiality (e.g., a draft internal agenda). May be used with approved AI tools that meet the Commission's minimum data-protection standard (see Section 9).
- Confidential – subject to state confidentiality statutes, taxpayer identifying information, non-public audit or litigation material, or personnel data. May only be used with an AI tool specifically approved for that data category after consultation with IT and, where applicable, legal counsel.

When in doubt about classification, staff should treat the information as confidential and consult their supervisor or IT before using an AI tool.

## 8. Accuracy, Verification, and Disclosure

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- AI-generated content must be independently reviewed for accuracy before use; AI tools can produce plausible-sounding but incorrect statements (“hallucinations”), including incorrect citations to statutes, cases, or figures.
- Any statutory citation, case citation, or numerical figure produced by an AI tool must be verified against the primary source before it is relied upon or published.
- Substantive use of AI in a work product intended for the Commission, member states, or the public (e.g., a report, model statute commentary, or public presentation) should be noted to the requesting supervisor or committee upon request, consistent with normal professional practice for research assistance.
- Staff should not represent AI-drafted analysis as their own independent professional judgment unless they have reviewed, verified, and taken ownership of its conclusions.

## 9. Approved Tools and Minimum Standards

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IT maintains a list of approved AI tools, along with the data classifications each is approved for. An AI tool may be added to the approved list only where the vendor provides, at minimum:

- A written commitment that customer inputs are not used to train the vendor's models (or an enterprise/API tier with that guarantee).
- Data encryption in transit and at rest.
- A defined data retention and deletion policy.
- Compliance with applicable data protection requirements and, where confidential government data may be involved, a signed data processing agreement.

Requests to add a tool should be directed to IT.

## 10. Training and Support

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IT will provide periodic training on approved AI tools, data classification, and safe use practices. New staff will receive an overview of this policy as part of onboarding. Questions about whether a specific use is permitted should be directed to a supervisor or IT before proceeding.

## 11. Compliance and Enforcement

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Violations of this policy, particularly the disclosure of confidential taxpayer or member-state information to an unapproved AI tool, will be treated as a serious matter subject to disciplinary procedures. Staff who become aware of a possible violation, including an inadvertent one, should report it promptly to their supervisor and to IT so that any necessary remediation (e.g., contacting a vendor to request data deletion) can begin quickly.

## 12. Policy Review

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Given the pace of change in AI technology, this policy will be reviewed at least semi-annually by IT and the Executive Director, and updated as needed to reflect new tools, risks, and member-state expectations.

## 13. Acknowledgment

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All staff will be asked to acknowledge that they have read, understood, and agree to comply with this policy, and to renew that acknowledgment upon any material update to the policy.

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Employee Signature

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Date

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