

House Committee on Taxation
HB 2584
Opponent Testimony – written only
Ganon Evans, Policy Analyst
February 6, 2024



Chair Smith and members of the committee:

Please accept this opponent, written testimony on HB 2584, a bill that creates a sales and compensating use tax on digital property and subscription services while decreasing the sales and compensating use tax rates in certain circumstances.

Our fundamental concern about HB 2584 is with burden shifting. Creating a new use tax on digital products while decreasing the sales tax elsewhere is shifting the tax burden from users of one product to users of another. As such, this bill is less a form of tax relief and more a rearrangement of who is paying.

As of January 3rd, 2024, Kansas is one of the 14 US states where digital products are tax exempt.¹ Enjoying downloaded movies, books, games, or other media without a tax is a privilege that Kansas have. The introduction of a new tax may reduce the consumption of those products by Kansans, which includes eBooks by Kansan authors or online newspapers.

We recommend pursuing a bill that would reduce the sales tax by balancing spending and operating more effectively.²

We appreciate this opportunity to submit testimony and thank you for your consideration.

¹ *Sales Tax by State: Should You Charge Sales Tax On Digital Products?*, TaxJar, published February 13th, 2018, last updated January 3rd, 2024, <https://www.taxjar.com/blog/sales-tax-digital-products>

² Ganon Evans and Michael Austin, *A Review of Kansas' Performance-Based Budgeting*, Kansas Policy Institute, January 6th, 2023, <https://kansaspolicy.org/a-review-of-kansas-performance-based-budgeting/>