

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

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**MEMORANDUM**

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: February 6, 2024

Subject: House Bill No. 2584

**Summary**

House Bill No. 2584 would impose sales and compensating use tax on sales of digital property and subscription services. Additionally, the bill sets out by formula a potential decrease in the rate of sales and compensating use tax.

**Section 1** – Provides that if tax generated from sales of digital property and subscription services first exceeds \$36,700,000 and then for every increase of \$60,000,000 thereafter, the rate of sales and compensating use tax would decrease by 0.1% until the state rate is 6%.

**Section 2 and 3** – imposes sales tax on all sales of digital property and subscription services regardless of whether: (1) the purchaser has the right to permanently use the property; (2) the purchaser's right to access or retain the property is not permanent; or (3) the purchaser's right to use is conditioned upon continued payment.

"Digital property" is defined as including:

[M]edia or products that are encoded in machine-readable formats and includes, but is not limited to, any of the following that are transferred electronically: (1) Digital audio-visual works; (2) digital audio works; (3) digital books; (4) artwork; (5) digital photographs and pictures; (6) periodicals; (7) newspapers; (8) magazines; (9) video, audio and other greeting cards; (10) graphics; (11) templates; (12) patterns; (13) desktop applications; (14) mobile applications; (15) web applications; (16) cloud-based applications; (17) native applications; (18) online games; (19) video games; (20) electronic games; (21) any digital code related to any of the items provided in this subsection; or (22) any streaming services related to any of the items provided in this subsection.