



# TaxNewsFlash

United States

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## KPMG report: State and local tax, technology-related developments (table, second quarter 2024)

A report of U.S. state and local tax developments concerning technology-related tax issues, for the second quarter of 2024, provides updates in table format and covers topics such as web-based services, data center exemptions, streaming services, and telecommunications services.

Read the [KPMG report](#) of state and local technology-related tax developments for the second quarter of 2024.

### Highlights

- **Kansas:** House Bill 2098, enacted by the Kansas Legislature over the governor's veto, establishes a broad sales tax exemption for the purchase of equipment, machinery, software, ancillary components, appurtenances, accessories, and other infrastructure used in providing communications services. The exemption also covers services purchased by communications service providers for the repair, maintenance, or installation of such communication service.
- **Louisiana:** Before the Louisiana Board of Tax Appeals, a taxpayer successfully challenged a sales tax assessment from the City of New Orleans relating to music streaming subscriptions. The taxpayer argued that the city's taxation of its music streaming subscriptions was an illegal, discriminatory tax on electronic commerce that was barred by the Internet Tax Freedom Act (ITFA). The taxpayer put forward uncontroverted evidence that a satellite music provider's service was not taxed by the city, and the Board concluded that this represented a violation of ITFA.
- **Oklahoma:** Recently enacted House Bill 1600 provides a sales tax exemption for the purchase of machinery and equipment used in the commercial mining of digital assets. Eligible items include servers, computers, racks, power distribution units, cabling, switchgear, transformers, substations, software, network equipment, and electricity. "Commercial mining of digital assets" means the process through which blockchain technology is used to mine digital assets at a colocation facility.
- **Utah:** The Utah Tax Commission found that a taxpayer's affiliate marketing services, including the sale of online advertising space to merchants, were not subject to sales and use tax. The taxpayer procured and sold online ad space, managed an online platform for merchants and publishers, and offered tracking and reporting services for calculating commissions. Applying the essence of the transaction theory, the Commission determined that the primary purpose of the transaction was the provision of nontaxable advertising or marketing services, making the entire transaction nontaxable.

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