TaxNewsFlash

United States

KPMG reports: Kansas (changes to sales and use tax laws); Nebraska (expensing of R&E expenditures); multistate (draft legislation amending P.L. 86-272)

KPMG This Week in State Tax—produced weekly by the KPMG State and Local Tax practice—focuses on recent state and local tax developments.

- **Kansas**: House Bill 2098—recently enacted over the governor's veto—makes a number of changes to Kansas' sales and use tax laws. The bill revises the treatment of manufacturer's coupons so that they are treated the same as any retailer's coupons. As such, the amount of any coupon issued by a manufacturer, supplier, or distributor—the amount of which is reimbursed by the manufacturer, supplier, or distributor—reduces the "sales price" upon which tax will be computed. House Bill 2098 also creates a broad new sales tax exemption for the purchase of equipment, machinery, software, ancillary components, or other infrastructure purchased for use in the provision of communications services. "Communications service" means internet access service, telecommunications service, video service or any combination thereof. Finally, House Bill 2098 creates a new sales tax exemption for purchases by disabled veterans.

- **Nebraska**: For tax years beginning on or after January 1, 2025, Nebraska LB 1023, which has been enacted, allows businesses to deduct research or experimental (R&E) expenditures rather than amortizing the expenses over a five- or 15-year period. Nebraska LB 1023 also allows "full expensing" for qualified property and qualified improvement property. "Full expensing" means a method for taxpayers to recover their costs for investing in depreciable business assets by immediately deducting 60% of the full cost of such expenditures in the tax year in which the property is placed in service.

- **Multistate**: H.R. 8021, the "Interstate Commerce Simplification Act of 2024" has been introduced in Congress. If enacted, the legislation would amend P.L. 86-272 to add a definition of the term "solicitation of orders." Notably, "solicitation of orders" would mean any "business activity that facilitates the solicitation of orders even if that activity may also serve some independently valuable business function apart from solicitation." As such, this would broaden the scope of activities that are permissible under P.L. 86-272 to include activities that have some independent business function.

Read a [May 2024 report](#) prepared by KPMG LLP

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