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Testimony – Opposition to HB 2380

Honorable Chair, Vice-Chair, and Members of the Committee

I am an attorney with an office in Topeka providing debt collection services for businesses throughout Kansas. Various small collection agencies from small communities throughout the state are among my clients and while the changes in taxation within HB 2380 do not necessarily impact me, those small businesses and the businesses they assist will assuredly be impacted.

The taxation changes proposed for collection agencies addressed within HB 2380 came upon us suddenly and without warning (or hearing prior to today). In addition to the extremely fast pace of this bill the vague drafting has contributed to considerable concern and confusion about the ultimate impact to businesses.

I believe the tepid support for the removal of the exemptions in Friday's vote (63 Yea, 56 Nay) indicates that there is more concern with these significant tax changes than just the concerns of my clients.

Taxing businesses and entities for seeking to enforce contracts or agreements and attempting to recover validly owed debts is particularly unproductive. A considerable portion of the debts referred for collection services are from tax exempt entities (municipalities and non-profits) or for debt types that are exempt from taxation (e.g. rent). This information was not accounted for in the fiscal note which presents an unsupported revenue estimate that will never be realized.

The end result of enacting this tax on collection businesses will hit many small businesses' bottom line while not generating enough revenue to fulfill any of the bill's delayed promises.

I would urge you to reject HB 2380 – at least the portions related to collection services (NAICS Code 561440).

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