

**Testimony of Rita Cooper, ARS-Salina**  
**Before the Senate Assessment and Taxation Committee**  
**In Opposition to House Bill No. 2380**  
**May 17, 2017**

Rita Cooper, President and Owner of Accounts Receivable Services in Salina, KS a business started by my late husband, Jim Cooper, in 1984. ARS has always been a small company, and currently I employ four collectors. Particularly as a small enterprise I am deeply concerned about the effect of this tax on either my business and my employees or the clients that I serve.

How are out-of-state transactions where the collection agency is a Kansas business and both the creditor (the collection agency's customer) and debtor reside out of state to be handled? It is not uncommon for a Kansas collection agency to make a call or send a letter on behalf of an out-of-state business to an out-of-state resident? Is the tax applied when the collection activity originates in Kansas or when it terminates in Kansas or both? What is the "nexus" criteria for multi-state collection activities?

Recently it was reported that the Internal Revenue Service was outsourcing privatizing some tax collections activity to private. Right now, four out-of-state firms are authorized to collect for the IRS. How will this collection activity into Kansas be treated?

What about local sales taxes will those taxes have to be assessed as well? Where in the collection activity does local tax rate come in, at the origination point or termination point?

Can the tax be passed on to the debtor as a cost of collection? What if the collection activity is court ordered? Can the tax be added to the judgment?

At what point in the collection agency transaction is the tax applied and remitted – placement of the debt, at time of collection or some other point? And specifically, what services are taxed?

There are a number of questions and scenarios that need to be contemplated.

We would like to thank the committee for hearing our plea regarding this unfair tax on services. We ask that you REJECT taxing collection agency services.

Thank you for your time.