

**Testimony of Matthew Wheeler,
Before the Senate Assessment and Taxation Committee
In Opposition to House Bill No. 2380
May 17, 2017**

Since 1951, Berlin-Wheeler, Inc. has been providing essential services to local, regional, and national companies to successfully provide accounts receivable management. These relationships have expanded our services to encompass all areas of call center services not limited to collection services.

Berlin-Wheeler invests its earnings back into the business through training of its staff of 250 employees. Also additional investment in computer technology to benefit our client's is an ongoing mission. This tax would most likely drive our client's to use out of state collection agencies to avoid this sales tax. This tax would also dramatically cut into our employee base who are taxpaying citizens in Topeka and surrounding communities. It would also affect our razor-thin margins.

Most collection agencies also perform a number of ancillary customer services activities on behalf of their clients that aren't collection related. These are "first party" customer support functions that other businesses, utilities, banks or credit card companies, might offer account holders. They might be call center services to notify client customers of account details (surveys) not related to delinquent accounts or account management services. These are typically untaxed professional services that can be provided by a number of business not in the collection agency NAICS Code. House Bill No. 2380 now seeks to tax all the services provided by a collection agency regardless of their relationship to collection activity. Even if they are provided without collection activity as a part of the professional services agreement, this creates an extra layer of taxation on many business to business transactions for professional services.

The House floor amendment applies the tax to a business classification, not the specific service being performed even if the service can be provided by other entities with different NAICS codes.

Collection work is a professional service, not much different from the varied activity bookkeepers, billing companies, accountants and lawyers perform for their business customers. Does House Bill No. 2380 create an argument on uniform and equal tax policy for people providing identical services but taxed differently?

NAICS codes are for “primary” business activity, which can be different among governmental agencies. The codes are also not static and can be changed for tax purposes and as business activities change. Who is the default agency for the NAICS code confirmation that determines whether or not an entity must assess the tax?

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.