

MORSE COMPANIES

Morse Moving International • Morse Moving & Storage

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June 22, 2010

The Honorable Robert Jones
House of Representatives
State Capitol
P O Box 30014
Lansing MI 48909-7514

Dear Chairman Jones:

I am writing today to request the House Commerce Committee favorably pass SB 1222. This bill reverses some of the double and treble taxation which occurs in the moving industry under the Michigan Business Tax (MBT). Numerous Michigan moving companies make payments to subcontractors. The ability to deduct those payments from the MBT tax base would reduce our tax burden to a more fair level, while still requiring we still pay more tax under the MBT that we did under the Single Business Tax (SBT).

A typical contractor invoice is issued and taxed at the corporate van line level, taxed again on the portion allocated to our company, and then taxed a third time as the final portion passes through to the subcontractor. The net result of taxes assessed on a \$5,000 invoice is well above the amounts intended by our tax law and greatly diminishes the profitability of such relationships.

Neighboring states, such as Indiana have also removed state sales tax on all the items we purchase to provide transportation service to our customers. Unless our industry can get some tax relief you will just end up pushing interstate carriers to other states. This is not in the best interest of our state and would be a shame to have that happen.

Net profits in the moving industry average below 5% of annual sales. The difficult economy in Michigan has caused the postponement of replacing trucks, and other equipment. Most of our annual profits are reinvested in newer trucks, personnel and warehouse improvements. To provide tax relief to our industry would help us reinvest in our company by purchasing from other Michigan vendors and hiring Michigan labor.

The combination of our weak economy and burdensome taxes has caused many small movers to go out of business in the past several years. The passage of SB 1222 would be an excellent start to helping create additional capital for reinvestment in Michigan products and people.

We encourage the committee to pass SB 1222 and take a step toward economic recovery

Sincerely,



David Morse
President
Morse Moving & Storage/Allied Van Lines

Cc: Michigan Movers Association, Lansing, MI


Agent for Allied Van Lines®

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