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# Michigan Metal Transporters, Inc.

575 Fordson Avenue • Detroit, Michigan 48217



June 23, 2010

Dear Members of the House Commerce Committee:

As the President of Michigan Metal Transporters and a member of the Transportation Club of Detroit, I am writing to express my support for Senate Bill 1222 (Cassis) and request that the House of Representatives pass it immediately. This bill will help to ensure that transportation jobs remain in our state at a time when we can least afford to lose another Michigan worker.

Senate Bill 1222 provides tax and increases reduction to transportation general contractors who subcontract freight hauling projects. Currently, if a general contractor in the trucking industry subcontracts a project, he is required to pay the gross receipts tax on the entire revenue amount for that project and cannot claim his payment to the subcontractor as a cost. The subcontractor also has to pay tax on the amount he receives from the general contractor, which leads to the double taxation on the same revenue. This is best illustrated with an example: Michigan Metal Transporters receives a \$400 order for steel. We hire an independent truck to ship the steel for \$300. The independent trucking company receives \$300 and Michigan Metal Transporters has to report the remaining \$100 for itself as income. But, under the MBT, Michigan Metal Transporters has to report the full \$400 as income and cannot report the \$300 as a cost. Therefore, we are taxed on the full \$400. Additionally, the independent truck owner is ALSO taxed on the \$300 as their income.

For my company, instead of 350% tax increase under MBT, the passage of Senate Bill 1222 will result in a 180% increase, which is more manageable. As you can see, I am not seeking to completely eliminate my tax liability. I am simply requesting that the tax increase not put me out of business. Unfortunately, I have already had to take drastic measures including salary reductions, project cancellation and layoffs all because of the negative impact of HB 1222. My next steps will be additional layoffs and then the closing of my business.

Additionally, it is important to note that this type of taxation problem has been previously recognized and other industries have received relief that I am requesting. For instance, general contractors in the construction field are exempt from this tax. I think it is also worth mentioning that numerous tax credits, even refundable credits have been enacted in an effort to foster industries that do currently exist in this state. Michigan Metal Transporters has been a tax paying entity in Michigan for 22 years. We want to stay in Michigan and we hope that the legislature will work with us so we can remain in our home state.

Thank you for the time and attention to this extremely important matter. As a job provider in Michigan, I want to stay here and the passage of SB 1222 will make the difference and help save jobs.

Sincerely,

  
E. L. Battier  
President