

**Hearing regarding SB 1222  
House Commerce Committee**

Good morning honorable members of the committee.

I am Brenda Zeben, Controller for Imlach Movers, Inc. located in Trenton, Michigan. Our company was started in Michigan in 1924. We provide household goods moving and storage services to our customers within Michigan and Ohio under our own intrastate authority. We provide interstate moving services to our customers as an agent of Atlas Van Lines. I am here today to ask you to support SB 1222, which would eliminate the double and triple taxation of a significant portion of our gross receipts.

When the Michigan Business Tax Act was passed in 2007, the act allowed taxpayers to deduct "purchases from other firms" when computing the tax. It is my understanding that this was done to alleviate the possibility of the same dollars being taxed multiple times, as can occur with a gross receipts tax. But the definition of purchases from other firms excludes our payments to our subcontractors.

Imlach Movers uses both hourly employees and contractors to provide moving services. In 2009, 72% of Imlach Movers revenue was hauled by independent contractors, and approximately 79% of those receipts were paid to our contractors.

When we move a family interstate, Atlas Van Lines invoices on our behalf then pays us for the move. Under current law, Atlas Van Lines will pay Michigan Business tax on the Michigan portion of that invoice, and will not be able to deduct their payment to Imlach Movers. Imlach Movers will in turn pay Michigan Business tax on the Michigan portion of its payment from Atlas, and will not be able to deduct its payment to its contractor. Our contractor will then pay tax on the amount he received. For example, in July 2009 we moved a family from Algonac, MI to Sunrise, FL. Atlas Van Lines had Michigan gross receipts of \$960 for this move. Imlach Movers had Michigan gross receipts of \$585, received from Atlas Van Lines, and our contractor had \$460 of Michigan gross receipts. The State of Michigan taxed gross receipts of \$2,005 for this move when there was really only \$960 of Michigan revenue.

We acknowledge the difficulty of balancing the budget is in these trying times. But the exclusion of the deduction for payment to contractors has resulted in a disproportionate tax burden on the transportation industry. We ask that the same correction that was given to the construction industry be extended to movers. Thank you very much for your time and consideration.

