Increases to Diesel Fuel Tax & Registration Fees and How it Affects Independent Contractors

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My career in the trucking industry began in 1984. In the last 28 years I have held various positions of responsibility within the industry that would allow me to speak in front of you today regarding the Independent Contractor and how these changes may affect their businesses.

Current Fees & Regulatory Costs Incurred by the Independent Contractor

- Vehicle Registration Fees
- Secretary of State Licensing Fees
- International Registration Plan (IRP) Plate Fees
- Permits
- Unified Carrier Registration (UCR) Fees
  - Based on the number of trucks in a single state-in lieu of the Single State Registration Fees
- Tolls

Current Taxes Incurred by the Independent Contractor

- Highway Use Tax/2290's
- Motor Fuel Tax (36.9 cents per gallon in Michigan)
  - Michigan has a sales tax component included in the fuel tax rate
- Self-employment taxes at 15.3%
- Michigan income taxes at 4.35%
- Excise Taxes for the following:
  - Cost of Tractor and or Trailer
  - Tire Purchases
  - Telecommunications

Affects on the Independent Contractor's Business

- Increased Fuel Tax expense- 18 cent increase equates to 3 cents per mile
  - Fuel Surcharges will not cover the increased taxes
  - Fuel Surcharges are controlled by the customers
  - Fuel Surcharges are calculated based on National Averages and will not reflect Regional data accurately.
  - Purchase fuel in surrounding states
- Increased Registration Fees will result in 25% higher cost or approximately $375 more per vehicle per year.