

May 12, 2015

Senator Michael J. Rodrigues  
Joint Committee on Revenue  
Room 213B  
State House  
Boston, MA 02133

Representative Jay R. Kaufman  
Joint Committee on Revenue  
Room 34  
State House  
Boston, MA 02133



RE: **House Bill 2482**- An Act relative to marine vessels

Dear Chairmen Rodrigues and Kaufman and Committee Members:

Thank you for the opportunity to comment on House Bill 2482. On behalf of the Massachusetts Marine Trades Association (MMTA) I am writing to express the Association's **opposition** to this bill. We would be happy to work with interested stakeholders on ways to improve existing tax collections without the changes this bill proposes, which would result in a *loss* of both revenues to the Commonwealth and jobs in Massachusetts struggling marine trades industries. The changes contemplated in this bill will have a negative impact on those marine trades jobs remaining in Massachusetts. The jobs providing services to recreational and other boaters are just too important to lose to neighboring states. Our skilled and talented Massachusetts workers want and need these jobs.

Established in 1964, the Massachusetts Marine Trades Association (MMTA) is the statewide, non-profit, representative body for over 1,200 marine trades businesses in the Commonwealth. Our businesses employ over 16,000 men and women and generate an estimated \$2.08 billion in annual economic activity for Massachusetts. The mission of the Association is to further the interests of the marine trades and the boating public through the promotion of boating, participation in legislation and professional improvement programs.

The recreational marine industry contributes positively and significantly to the economic strength and quality of life enjoyed in Massachusetts. The 'business of boating' provides jobs, economic opportunity, public access to our precious waterways, improves aesthetics of inland and coastal waters and supports environmental stewardship while promoting a family-friendly form of recreation and tourism. With over 186,000 state and federally registered vessels and 1 million anglers in the Commonwealth and over 5 million residents living within 10 miles of the ocean, any negative impact on the stability of the marine trades (economic, regulatory or others) has the potential to negatively affect millions of citizens and visitors.

The Association and its 300 member firms also seek to stem the exodus of recreational boating businesses from the Commonwealth and the loss of waters-edge usage for recreational boating purposes. The Association acts as a source of information about recreational boating and boating businesses for the general public, via its website at [www.BoatMA.com](http://www.BoatMA.com); for the Massachusetts Legislature, where the Association is a frequent participant in public hearings and in the 50-

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member Legislative Boating Caucus; and for executive branch agencies, the MA Federal delegation and authorities with regulatory and economic development responsibilities.

Massachusetts marine trades businesses – boat builders and repairers, marinas and shipyards – face significant competition from bordering states that have lower or no taxation on the sale and ownership of marine vessels. These favorable tax conditions encourage most boaters to leave Massachusetts for nearby states and has a lasting detrimental impact on the business of boating in the Commonwealth. The unfortunate message this bill sends is straightforward: Don't Boat in Massachusetts In July and August.

The bill before your Committee today seeks to capture additional annual excise tax charged to those boaters who still choose to keep their boats in Massachusetts waters at a time when the marine trades industry, as a whole, is suffering. Unfortunately this bill would also require those out-of-state boaters to pay excise tax on their boats should they choose to spend time in Commonwealth waters during July and August, even if the boat is registered in their home state. People have choice where to boat and where to keep a boat. The last thing we need is for word to get around “you better not get your boat fixed in Massachusetts or you'll get hit with excise tax” or “don't stay over this summer, stay in New Hampshire or Rhode Island”. For every one dollar spent by a boater on a slip or a mooring, studies show *four* dollars are spent in local businesses. Everyone loses by this bill, not just boating businesses. See Dr. Edward Mahoney, Michigan State University, “The Economic Impacts of Spending by the Owners of Boats Kept at Constitution Marina, Boston, Mass. (2006) (copy attached).

This bill would also cost the municipalities and the Commonwealth more than it might possibly gain by changing the methodology of valuing boats for boat excise tax from one which is factually unassailable – length and age of vessel – to one which has no facts (“the value as determined by the Commissioner”) and therefore begs for expensive appeals. Only marine assessors end up making money on that proposed system. It would certainly be prudent to ensure that expenses incurred by an assessing office does not exceed any revenue gained through their efforts in pursuing what might be excise tax due to a municipality.

We believe the bill before your Committee today will increase the annual excise tax charged to those boaters who still choose to keep their boats in Massachusetts waters at a time when the marine trades industry, as a whole, is suffering. In part, because of these tax burdens, and despite a strong history of recreational boating, Massachusetts is not one of the top ten states for boating (22<sup>nd</sup>, behind Tennessee and Missouri), according to the 2012 Recreational Boating Economic Study conducted by the National Marine Manufacturers Association (NMMA) based on annual boating related sales.

Even a small increase in excise tax will drive boaters away to neighboring states, costing the Commonwealth many times the revenue that would have been captured by any amount of excise tax collected. Not only will the Commonwealth lose out on excise tax revenues but on the money boaters would otherwise spend at Massachusetts marinas and boatyards and other dockside amenities that boaters frequent. The 2012 NMMA Recreational Boating Economic Study shows just how significant Massachusetts' boater expenditures are. Despite concerns

about the health of our economy, Massachusetts recreational boaters spent \$870.8 million dollars in 2012 on products and services in Massachusetts. The total annual economic impact of recreational boating totals over \$2 billion. The highest level of spending, according to the 2010 Massachusetts Recreational Boaters Survey published by the Massachusetts Ocean Partnership is on fuel, docking, mooring and storage, and routine maintenance. Those expenditures directly translate to good paying and stable jobs for Massachusetts residents. In fact, these recreational boating expenditures support over many thousands of full time-equivalent jobs in Massachusetts. When we raise the excise tax, we risk losing those good paying jobs and the revenues they produce to neighboring states.

The proposed changes seek to tie the excise tax rate to the Manufacturer's Suggested Retail Price (MSRP) and in doing so significantly increase yearly excise tax payments. The value of any vessel cannot be well represented solely by MSRP, particularly as the vessel ages, nor does the proposed index fairly capture new boat prices that may fluctuate on a yearly basis. We hope that any changes to the boat excise tax structure would include a meaningful dialog and understanding of boat valuation beyond what the manufacturer feels is a good price for their product.

Although MMTA objects to the proposed increase of excise tax on vessels outlined in this bill and feels the current valuation methodology is adequate, we do support the improved collection of excise tax legitimately due. Improving communication between the Division of Law Enforcement, responsible for registering vessels, and the town assessor would be supported by MMTA.

MMTA also has concerns regarding the concurrent federal and state registration provisions this bill proposes. Requiring federally documented vessels to also seek registration certificates from the State will only add complexity and confusion for those federally documented vessels and we can anticipate additional costs and time to be incurred by the already over-worked staff of the Division of Law Enforcement to meet this new demand. We are also told any assessor can simply write and ask the U.S. Coast Guard National Vessel Documentation Center for a list of federally documented vessels in his or her municipality. A proposal to require federally documented vessels to also register in Massachusetts has not been debated in recent years and certainly merits an educated working group on the administrative and financial impacts to the Commonwealth and a cost-benefit analysis before further advancement. MMTA would be happy to participate and offers our assistance to any such working group.

The inclusion of those new provisions of M.G.L. Chapter 60B § 5A (See Lines 107-108) are troublesome. Where this section requires proof of payment of excise tax in order for a vessel owner to be issued a registration decal or certificate of number, MMTA is concerned that appropriate systems will not be in place to ensure an assessor's office can promptly provide evidence of payment. It is certainly problematic if boaters cannot properly register their vessels because of delayed payment processing on behalf of an assessor. It is equally worrisome that this bill proposes that the provisions of M.G.L. Chapter 60A § 2A, the non-renewal of a motor vehicle operator's license and notification to the registrar of motor vehicles, would be applicable to the non-payment of boat excise tax.

We would also like to take this opportunity to highlight a potential conflict with pending, beneficial legislation. Section 2(i) (Lines 71-73) of this proposed bill repeats the existing law stating that 50% of the revenues collected from the boat excise tax be credited to the municipal waterways improvement and maintenance funds established under section MGL Chapter 40 § 5G. Chairman William Straus has filed House Bill 2686, referred to this Committee, which would provide greater flexibility to municipalities allowing each municipality, if they so choose, to credit up to 100% of the boat excise tax revenue to the municipal waterways improvement and maintenance funds. This is a local choice bill which MMTA wholly supports. It would be a shame to create any new roadblocks to this beneficial bill by Chairman Straus.

In short, it is simply not true that this is a revenue neutral procedural bill – it is one which would reduce customers in local businesses, eliminate marine trades jobs and reduce revenues to the Commonwealth.

Please help us support Massachusetts and do not report this bill out favorably. Please feel free to contact Jamy Buchanan Madeja, Esq., MMTA's Government Relations and Legal counsel at 617-227-8410 or by email at [jmadeja@buchananassociates.com](mailto:jmadeja@buchananassociates.com) with any questions you may have. MMTA would also like to reiterate our offer of support to any working group that may be formed to discuss how best to address the issue of more efficient collection of boat excise tax in Massachusetts.

Respectfully submitted,

A handwritten signature in black ink that reads "Toby Burr". The signature is written in a cursive, slightly slanted style.

Toby Burr  
President, Massachusetts Marine Trades Association

Cc: Representative Geoff Diehl