

June 20, 2013

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

MASSACHUSETTS
MARINE TRADES
ASSOCIATION



RE: **House Bills 2453**- An Act relative to marine vessels

Dear Chairmen Rodrigues and Kaufman and Committee Members:

Thank you for the opportunity to comment on House Bill 2453. On behalf of the Massachusetts Marine Trades Association (MMTA) I am writing to express the Association's **opposition** to this bill. As I'm sure you are aware, 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 Taxachusetts In July and August.

The bill before your Committee today seeks to 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 (22nd, 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 recreation 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 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 4,730 fulltime-equivalent jobs in Massachusetts.** When we raise the excise tax, we risk losing those jobs 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. After all, half of the funds are to be credited to waterways improvement and maintenance funds benefiting all boaters of the Commonwealth.

MMTA 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. A proposal such as this, to require federally documented vessels also register in Massachusetts, has not been debated in recent years and absolutely merits a working group on the administrative and financial impacts to the Commonwealth before further advancement. MMTA would be happy to participate and offers our assistance to any such working group.

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 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; for the Massachusetts Legislature, where the Association is a frequent participant in public hearings and in the 50-member Legislative Boating Caucus; and for executive branch agencies, the MA Federal delegation and authorities with regulatory and economic development responsibilities.

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.

It is short sighted to hope that increasing excise tax on vessels will increase revenue, please help us support Massachusetts marine trades businesses and attract boaters to our waters rather than sending them to our neighbors. 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 with any questions you may have. MMTA would also like to offer our support to any working group that may be formed to discuss how best to address the issue of boat excise tax valuation in Massachusetts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tim Moll". The signature is fluid and cursive, with a large initial "T" and a long, sweeping underline.

Tim Moll
President, Massachusetts Marine Trades Association

Cc: Representative Geoff Diehl