



*Industry growth through Collaboration, Communication and Education*

April 10, 2017

Chairman Michael Brady  
Joint Committee on Revenue  
State House Room 109E  
Boston, MA 02133

Chairman Jay Kaufman  
Joint Committee on Revenue  
State House Room 34  
Boston, MA 02133

**Re: SB 1634 An Act relative to the fairness of marine vessel reporting and fishermen exemptions**

Dear Chairmen Brady and Kaufman and Joint Committee Members:

Thank you for the opportunity to comment on SB 1634, An Act relative to the fairness of marine vessel reporting and fishermen exemptions. The Massachusetts Marine Trades Association (“MMTA”) **opposes** the text of SB 1634, as originally filed, but **supports** the recently filed redraft of SB 1634, as filed by the bill’s sponsor, Senator Tarr on April 6, 2017, and attached hereto.

While MMTA generally supports the redraft of SB 1634 as attached hereto, MMTA questions the language in the last sentence of proposed Section 5A which states, “*Non-payment of boat excise tax billed and unpaid and not appealed regarding a federally documented vessel may result in notice to the Massachusetts Environmental Police that said vessel is not registered in accordance with the law.*” It is unclear to MMTA whether the change regarding the possibility of reporting federally documented vessels as not properly registered is appropriate, considering in Massachusetts, federally documented vessels are not meant to be registered. MMTA would be happy to assist and discuss this sentence and any other provision of the redrafted SB 1634 to help assessors with the ease of administration without worsening the already negative impression of Massachusetts as an unfriendly tax environment towards boating.

MMTA recognizes the assessors’ interest in seeking a simple method of learning what federally documented vessels are truly in their city or town long enough that they are here habitually and should pay an excise tax. However, the bill as originally filed, will have serious, negative implications on the Commonwealth’s economy and the business of boating industry by discouraging out of state boaters from utilizing the Commonwealth’s waterways, thereby losing a major revenue source for the Commonwealth.

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Established in 1964, MMTA is the statewide, non-profit, representative body for over 1,200 marine trades businesses in the Commonwealth. Our businesses employ over 27,000 men and women and generate over \$2.0 billion in direct and indirect annual economic activity for Massachusetts inland and on the coast. MMTA's priorities include improving workforce training for the marine trades, enhancing public access to the waterways, stemming the loss of revenues to neighboring states with more favorable boating tax policies, relieving the dredging and permitting timelines and expenses, as well as providing greater boating opportunities for the public.

The originally filed text is problematic because it discourages out of state boaters from choosing Massachusetts as a destination spot for their summer time boating excursions by requiring the boaters to pay an excise tax. The tax would apply regardless of whether the vessel was in Massachusetts for pleasure boating, servicing, or both. Entire local economies and boatyards statewide rely on these temporary visitors to employ staff, sustain tourist economies, and occupy rental housing for themselves or relatives. A highly reputable study done by Dr. Edward Mahoney from the Michigan State University, about Massachusetts in particular, concluded that for every one dollar spent on a slip or mooring, vessel owners spent four dollars in local businesses. The potential loss of these visiting vessels will have major implications on revenue in the Commonwealth, which was not considered due to the limited focus on trying to tax these vessels when the owners can choose to go to neighboring states and not have to pay such tax.

Imposing a new Massachusetts registration and decal requirement on federally documented vessels discourages all such vessels from coming here or staying here, as outlined above. A new fee and a new requirement is exactly what our "unfriendly to boating" tax structure does not need. 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.

MMTA supports the redraft of SB 1634 because it will promote recreational boating in the Commonwealth, which is beneficial, not only to the business of boating industry, but also to the economy of the Commonwealth. The redraft of proposed Section 4 of SB 1634, exempting from boat excise tax collection, vessels which are "in the Commonwealth for less than *six* consecutive months, two of which shall include July and August" is beneficial for the Commonwealth and the business of boating. Excise taxes due if in Massachusetts for six consecutive months, including July and August, will work to avoid discouraging out of state vessels from coming to Massachusetts and spending \$4 in the local businesses for every \$1 they spend at a slip or mooring. It will also encourage out of state boaters to use Massachusetts boatyards for repair work. Ideally, the out of state boater would come to Massachusetts during the winter to have their vessel worked on, then keep the boat here for the summer months, instead of skipping over Massachusetts and going to Rhode Island or Maine or New Hampshire where there is no excise tax.

The redraft of the proposed Sections 5A and 6 will now require the Director to obtain, annually, from the National Vessel Documentation Center a list of federally documented vessels

with a hailing port of Massachusetts and owned by a Massachusetts resident or entity and to send this list to all assessors, along with a list of vessels registered here. Any imposition of a new decal requirement on federally documented vessels discourages all such vessels from coming to or staying in Massachusetts, as explained above. As such, the penalty for non-payment of excise tax after notice from the assessor would remain non-renewal or registration in Massachusetts or, for federally documented vessels, possible notice to the Massachusetts Environmental Police that the vessel is not registered. The proposed Section 6 will use the same vessel valuation methodology, as currently imposed by M.G.L c. 60B, section 2(c), which values boats objectively, looking at length and age of vessel, instead of the subjective “as determined by the Director”. Utilizing the current valuation system will avoid thousands of appeals causing more expense than revenue for the localities.

Thank you for the opportunity to comment on SB 1634. MMTA’s Government Relations and Legal Counsel, Jamy Buchanan Madeja is always available to discuss this and any other matter related to the business of boating. Please feel free to contact her at 617-227-8410 or [jmadeja@buchananassociates.com](mailto:jmadeja@buchananassociates.com).

Sincerely,

*Paul Nowak*

Paul Nowak, President  
Massachusetts Marine Trades Association

Enclosures