

PETZOLD'S MARINE CENTER

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Chairman Daily and Widlitz
Finance, Revenue and Bonding Committee
Room 3700, Legislative Office Building
Hartford, CT 06106

March 3, 2011

Dear Chairpersons,

My name is Robert Petzold. I operate a family run boat sales and service facility that my Grandparents started 66 years ago in Portland, Connecticut. This business employs over 20 good men and women. I would like to give you a firsthand perspective indicating that all is not well in the marine industry in Connecticut. Our business, at one time, was one of the largest boat dealerships in the United States generating millions of dollars worth of revenue for the state. Times have changed and sales have declined forcing me to lay off fine people.

The Governor's proposed budget unfairly targets the boaters of our state. The increased sales tax, planned luxury tax, taxes on labor and storage in conjunction with no credits for trades and a property tax would be devastating to our industry and the boaters of our state. Presently we have a hard enough time competing with surrounding states, such as Rhode Island, which impose no taxes on boaters. Connecticut's proposed budget would cause boaters to flock to Rhode Island or to give up their hobby altogether. An economic bust for Connecticut would be an economic boom for our neighboring states.

Please notice I use the word "boat". The media along with law makers like to use the word "yacht" when proposing new taxes. This impractical characterization of the boater looking like Rodney Dangerfield in the movie Caddy Shack; a cigar smoking elite individual with no cares in the world is misleading and unrealistic. The marine industry in Connecticut survives on boaters, not yachters. These individuals are hard working men and women who have made a life style choice to spend time on the water with family and friends. Whether this is accomplished on a 16' aluminum fishing boat or a 40' cabin cruiser, is immaterial. These people make sacrifices every day so that they can afford time with their loved ones, doing something they are passionate about, as was the case in my family. These individuals have made an educated choice to be on the water, not snow skiing in Vermont, going on a cruise, renting a cottage on Cape Cod or taking a trip to Disney, none of which create any revenue for the state of Connecticut.

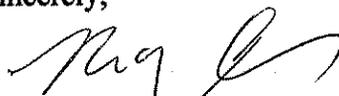
Our Family's Business is Your Family's Pleasure!

I would respectfully request that the legislators do some homework. Take a look at the proposed taxes; please realize that most of them have been in place at one time but also that they were all rescinded as they were found to be counter productive to the State's economy.

I would ask that you allow the marine industry in Connecticut to assist you in resolving the deficit problems without imposing new taxes. Permit us to be competitive and continue to sell and service boats as we have in the past while creating revenue and maintaining jobs.

The future of my family's 66 year old business, the jobs of my employees and the family values' boating promotes are all in jeopardy.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Petzold', written in a cursive style.

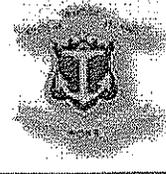
Robert W. Petzold
Vice President



State of Rhode Island and Providence Plantations
Department of Environmental Management

Licensing & Registration

Boating • Fishing • Hunting



Hunting/Fishing/Boating Licensing > Boating > Boating FAQ

Frequently Asked Questions Concerning Boating Registration

Do I need to be a Rhode Island resident to register my boat in Rhode Island?

No. If the principal mooring area (more than ninety days per year) of your boat is in Rhode Island, it should be registered here.

What is required for me to register a new boat?

- Bill of Sale on dealer's letterhead
- MSO- Manufacturer's Statement of Origin
- Customer is required to fill out proper paperwork to title and register both boat and motor:
 - Boat Registration Application
 - Outboard Motor Registration Application
 - Use Tax Return- if applicable (Sales tax due if applicable- if boat was purchased before July 29, 1993, then sales tax proof is required from the owner.)
 - Application for Initial Vessel Certificate of Title

Is there sales tax due?

There is no sales tax on boats unless the boat was purchased prior to July 29, 1993. If sales tax is due, it must be paid to the RI Division of Taxation, One Capitol Hill, Providence, RI (phone 401-222-6278) prior to registration.

What do I need to register a used boat?

- Notarized Bill of Sale or Notarized Gift Statement
- Title signed and notarized from bonafide seller, or most current owner
- Registration certificate if boat is coming from a non-title state. **Please remember Rhode Island is a title state.**
- Customer is required to fill out proper paperwork to title and register both boat and motor:
 - Boat Registration Application
 - Outboard Motor Registration Application

TIP #10A01-07**DATE ISSUED: June 22, 2010**

Sales and Use Tax on Boats or Vessels Capped at \$18,000

Effective July 1, 2010, the maximum tax on the sale or use of a boat or vessel is \$18,000. Purchases made on or after July 1, 2010, are subject to the maximum \$18,000 tax. Taxpayers using boats or vessels in Florida on or after July 1, 2010, who are subject to Florida use tax pursuant to Section 212.06, Florida Statutes (F.S.), will owe a maximum \$18,000 use tax.

Calculation of State Tax and County Surtax

The \$18,000 cap includes both the state (sales or use) tax and any applicable discretionary sales surtax ("county surtax"). No more than \$18,000 in total tax (state sales or use tax plus county surtax) is due on any taxable sale or use.

Example:

On or after July 1, 2010, a boat or vessel is purchased for \$1,000,000.00 in Indian River County, a 1% county surtax jurisdiction. The total maximum tax due is \$18,000.

For purposes of reporting, the dealer subtracts the surtax from the maximum tax amount to determine the maximum state sales tax. The county surtax is due on only the first \$5,000.00 of the sale amount. The total county surtax would be \$50.00 (\$5,000 X .01). So the maximum state sales tax is \$17,950.00.

\$18,000.00 maximum tax
- \$50.00 county surtax
 \$17,950.00 maximum state sales tax.

The dealer should then divide the maximum state sales tax by the 6% state sales tax rate to determine the taxable sales amount.

$\$17,950.00 / .06 = 299,166.66$ (The taxable sales amount)

The dealer should then subtract the taxable sales amount from the gross sales amount to determine the exempt sales amount.

\$ 1,000,000.00 gross sale
- \$ 299,166.66 taxable sales amount
 \$ 700,833.34 exempt amount

\$17,950.00 tax collected at 6%
 \$50.00 county surtax at 1%
 \$18,000.00 Tax Due Lines 5, 7, and 10 of Form DR-15, Sales and Use Tax Return
 \$50.00 amount reported as county surtax on back of return on Line 15(d)