



Rex Marine Center

144 Water Street, Norwalk, CT 06854

March 1, 2011

To Governor Malloy and our CT legislature,

Summary: All of proposed taxes on boat owners and prospective boat buyers, if enacted, will be proven a costly mistake, with unintended consequences that will prove revenue-negative as they also destroy hundreds and perhaps thousands of CT jobs, resulting in additional financial burden on the state of CT, as these newly unemployed boating industry workers collect unemployment while struggling mightily to find equivalent income, or when many relocate from CT in search of better opportunity, the state and municipalities will suffer a diminished tax base.

I implore our Governor and all legislators to carefully consider and study the likely consequences of each new proposed tax on "boaters". Such examination will reveal that these new tax proposals targeting boat owners and boat buyers to be self-defeating, as they will miss their targets, "the rich", and wreak economic and financial havoc, with far more harm than good, to our excellent workers and their employers in the CT boating industry.

Our Governor has cited "shared sacrifice". The proposed laws will NOT cause "the rich" to "sacrifice", as those with means will always find alternate activities that do not require them to suffer additional or punitive taxation. When "the rich" thus choose to leave boating or not buy a boat or not buy a larger boat due to the additional costs imposed as well as their perception of being targeted for what effectively is punitive taxation, the "sacrifice" will be made by the 50 employees of our 2 family-owned marinas, and all CT boating industry workers. Also at risk are the currently unemployed, none of whom I will be able to hire as our business shrinks instead of grows. **When will we ever learn, "You can not soak 'the rich' without hurting the working class"??** Try as you may, it NEVER works.

Detail: While all of the proposed boating taxes will harm our industry and CT workers, the 3 most damaging tax proposals concern reinstatement of taxing boats as personal property, the "luxury" tax, and elimination of the sales tax credit on trade-in boats. **All 3 taxes, guaranteed, will be revenue negative and job-killing.**

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Boat Sales

Phone 203 866-5555
Fax 203 866-2518
yachtbroke@aol.com

Service Dept. & Storage

Phone 203 831-5234
Fax 203 866-7889
service@rexmarine.com

Ships' Store

Phone 203 831-5236
Fax 203 854-5765
store@rexmarine.com

Ships' Store & Fuel Dock at Norwalk Cove Marina

Phone 203 604-1295
Fax 203 604-1294
store2@rexmarine.com

Engine Parts

Phone 203 831-5238
Fax 203 854-5765
parts@rexmarine.com

Accounting

Phone 203 866-0383
Fax 203 866-2518
sbrown@rexmarine.com
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CT studied the "taxing-boats-as-personal-property" issue in depth prior to eliminating the this in 1981, concluding the pre-1981 tax rules were hurting CT boating businesses and also were revenue-negative. Read the CT "OLR Research Report", January 13, 2010, document 2010-R-0018, authored by Chief Analyst Judith Lohman. If CT allows towns and cities to tax boats as personal property at mill rates resembling the rates charged to motor vehicle owners, at least 3 unintended consequences will occur: 1. This new tax will be the straw that broke the camel's back, and many will sell their boats. 2. Many boats now registered in CT will be relocated, winter and summer, to states that do not tax their boats in this manner. 3. Every year, all CT marinas and boatyards lose 10% to 15% of our customers thru normal attrition. We are used to that. What taxing boats as personal property, in conjunction with the other boating tax increases, will do is, KEEP PEOPLE FROM GETTING INTO BOATING IN THE FIRST PLACE. We will no longer be able to replace the annual customer turnover. No Doubt, these proposals, if enacted, will effectively become the impenetrable barrier to boat ownership. Everyone knows boating is not the least expensive leisure activity, and when the State elects to erect huge cost barriers to entry and participation in boating, what does the State really expect to happen? In event the consequences are not yet clear, *it will cause dramatic revenue, and tax receipt, decreases to marinas and our State*, with marinas laying off employees due to the decrease in revenue and profit. Unemployment compensation inevitably will follow, some of my workers will have houses and cars foreclosed on, kids will not get a chance to go to college, etc, all because our leaders decided 'the rich' were a convenient target for state coffers.

The "luxury" tax and elimination of the sales tax exemption on boats traded-in for an upgrade purchase will be devastating to boat sales and new prospects to boating, and will absolutely be revenue-negative and profit and job killing. Everyone except the CT legislators who proposed these 2 new taxes KNOWS that when the US Gov't imposed a luxury tax 25 years ago, the tax finished-off dozens of boat builders and their employees jobs and was acknowledged as severely revenue-negative before repeal after about 2 years. *Nothing has changed to allow different results in 2011.* Combined with the loss of the sales tax exemption on trade-ins, these huge new cost barriers to boat buying will drive the few still interested in buying to purchase out of state, where many will also choose to keep their boats. LOST REVENUE:HUGE.

Even the 'rational' of the "luxury" tax is grossly unfair: why are boats, jewelry, and high-end cars singled out, when other 'luxury' items, such as the family vacation, swimming pools, country club memberships, RV's, second homes, home tennis courts, etc etc, not subject to a 'luxury' tax? Why is it OK to kill our businesses, as we drive our sales prospects to lesser taxed, 'luxury' purchases?

PLEASE understand what these new tax proposals will do: If Connecticut sought a to kill off its recreational boating industry and the devastate many employees we will lay off, the State is on the exact path to do so. If CT wants to enable us who have survived thus far, who are getting by, at minimal margins, to remain in business as we attempt to rebuild our businesses and customer bases severely disrupted by the past 4 years of economic turmoil, CT will now absolutely minimize any new tax burden on the boaters of CT. My customers, current and prospective, will well survive without boats. My business and 50 employees will not be so fortunate, and our great State will re-learn painful lessons of revenue-negative, job-killing taxation.

Respectfully submitted,

Bill Gardella, Jr.
General Manager