TOTAL YACHT SALES

of Norwalk, Inc.
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March 3, 2011

To: Members of the Finance Committee

Re: R.B. 1007

Dear Committee Members:

I am writing to express my concerns over much of the content of the above-referenced tax bill and its anticipated impact on the Connecticut marine industry.

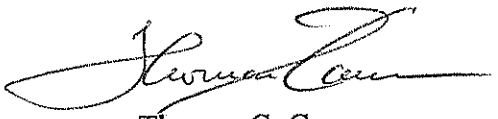
We have operated our business in Norwalk for nearly twelve years now, and we employ approximately twelve full-time employees. The proposals in this tax bill will be harmful to the Connecticut marine industry and will in all likelihood prove to generate less in tax revenue than the current tax laws. Our business has barely weathered the storm of the recent recession, and, if enacted, the proposed tax legislation could very well finish us off, causing our hard-working, tax-paying employees to become unemployed!

All one has to do is look at the history of some of these tax proposals to conclude that they certainly cannot work. Eliminating the sales tax trade-in credit, along with a so-called "luxury tax" for boat purchases, might sound good in theory, but when tried in the past it has yielded disastrous results and proven to be regressive. In the early 1990's the federal government imposed a 10% luxury tax on boat purchases over $100,000.00, with many federal legislators eagerly anticipating the windfall of new taxes to federal coffers. Well, that never materialized! What everybody, apparently, failed to take into account was that consumers have a choice when faced with such a burdensome tax: they can choose to not consume! That is exactly what happened in the 1990's. Boat buyers didn't buy boats and pay the tax: they simply didn't buy at all! Many manufacturers and dealerships went out of business and unemployment in our industry soared! Instead of gathering in new tax revenue, the government took in less in taxes (because there were far less sales taking place) and paid out far more in unemployment compensation (as industry unemployment increased as a result of reduced sales)! How exactly was anyone benefited from such a short-sided approach? Please let's not make the same mistakes again!

An overly burdensome tax policy imposed upon Connecticut boaters will kill this industry by driving those boaters across our borders to nearby states with less-burdensome tax policies, or drive them to pursue other forms of recreation. While I appreciate the urgencies of the current fiscal dilemma, I urge you to look more closely at the consequences of this proposed legislation. On behalf of this business and all of its employees, please table this bill and give considered analysis to the consequences of any tax increases on this very fragile industry.

I am available at anytime should you wish to discuss this matter.

Very truly yours,



Thomas G. Caruso
President