

CONNECTICUT MARINE TRADES ASSOCIATION

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Finance, Revenue, and Bonding Committee
Legislative Office Building
Hartford, CT 06106

Re: **Governor's Bill No. 843, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET**

Chairmen Fonfara and Widlitz, Senator Frantz and Representative Williams and Members;

The Connecticut Marine Trades Association (CMTA) and our membership urge you to consider an addition to **Governor's Bill No. 843 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET**. This is a complex and innovative bill that was crafted to address the fiscal issues facing the state now as we seem to be at an economic low point. The bill contains some creative initiatives that may very well stimulate sales and encourage business growth however there is a missing part that has been overlooked: repealing the luxury tax from the sales of vessels in Connecticut.

The Department of Revenue Services' own records will underscore and support this initiative. Sales of vessel in Connecticut are at an all-time low point and that is directly due to Connecticut's luxury tax on all vessels sold with a value of over \$100,000. This luxury tax of 7% is truly not a revenue raiser as it only adds an additional \$650 on a sale of \$100,000. The disturbing truth is that the impression of a luxury tax, despite the minimal amount additionally collected, has dissuaded most buyers into going elsewhere for their products. Thus Connecticut is left far short. The boat dealers lose business, the boatyards lose repairs, the marinas lose slip and mooring renters and accessory sales too, fall off.

Industry experts estimate that easily in excess of \$5 million in vessel sales went to our neighboring states because of the luxury tax, probably more. The Department of Revenue Services' own collection figures show a total of \$39,000 in luxury tax collected since the tax was instituted in 2010. Considering the loss of any sales tax on only \$1 million of vessel sales is \$63,500, this indicates that eliminating the luxury tax could do nothing but stimulate sales and be a proven revenue initiative.

We ask you to consider adding the tax repeal to **Governor's Bill No. 843, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET**, it's a valuable initiative offering to regenerate revenue and encourage sales of vessels to remain within Connecticut where normal sales taxes can and will be collected. That makes it a revenue bill and a jobs bill and everyone wins. Thank you for the opportunity to comment on these issues and please know that we are available to discuss them at any time.

Sincerely,

John S. Johnson
Legislative Chair

Grant W. Westerson
President

Linda A. Kowalski
The Kowalski Group