

A COMPLETE
MARINE
FACILITY
SINCE 1959

To Whom It May Concern,

In a recent sales meeting my staff together let me know how concerned they were about sales as we had “No Traffic” coming through the doors or calling on the phone.

I calmed them by showing them that leads and inquiries from the internet were never higher and that business is simply being done different today in order for the buyer to save time and money.

Gone are the days where the customer comes in and learns the boat and tours your facility before making a decision. Every bit of information he/she may need today is online. As a matter of fact, many manufacturers are even eliminating the cost of brochures and are “steering” the buyer to the internet. Auto manufacturers as well are not producing any more “Full Catalogs” and actually have an internet manager in house for internet sales.

With that being said, the consumer only has one other thing left to do in his/her shopping, get the best price. It’s a number, its objective, and the low cost provider will get the business. I do it myself on Amazon every day. I have NO loyalty to a local company (which is a shame) as I have a business to run.

As hard as I work and interview to find the right candidates for my company, as pleasant, knowledgeable, and caring as they can be.....it simply doesn’t matter if I am not competitive.

It gets even worse for the dealers close to a border of another state where they incentivize buyers to cross over to gain their business. Think about it, why would they even consider lowering sales tax rates? The answer is simple, to cannibalize from another state. In Rhode Island, people from CT buy boats there on a weekly basis. We have even had customers set up an LLC in Rhode Island as the savings is so significant.



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We already know people will drive miles to save \$.01 on a gallon of gas. So, how far will they drive or fly to save \$13,750 in sales tax? (\$500,000 contract in CT @ 6.35% tax = \$31,750. In NY it is capped at \$18,000). These consumers didn't get in these positions by throwing money away needlessly.

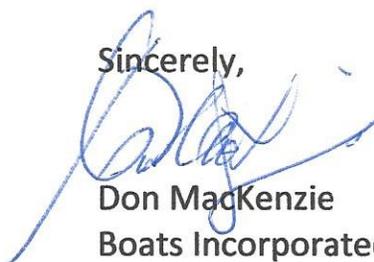
Just like the internet, states too are watching what their competitors are doing. A perfect example is what NY did based on the sales tax cap in Florida and the cap placed on boats sold in Maryland. 3 months later (December), New Jersey's maritime industry got a boost as Gov. Chris Christie signed into law a bill that reduces the sales taxes on boats bought in New Jersey by 50 percent! **The law won the universal support of the state Legislature** as a means to lift the industry and be competitive with neighboring states.

Is being competitive effective? Look at how we (CT) increased sales tax revenues instantly by removing the Luxury Tax. A follow-up study in Florida found that tax revenues generated by the outfitting, maintenance and associated costs raised more than \$13 million in additional sales taxes.

If you want to help chip away at the state's deficit, we have to keep the business in our state otherwise we will get ZERO in sales tax followed by an increase in unemployment.

I have to compete every day with my competition.....so should our state. We sure could use a partner in this.

Sincerely,



Don MacKenzie
Boats Incorporated, Pres.