

CONNECTICUT WATERS WELCOME BOATING ENTHUSIASTS WITH LOWER TAX RATES

Boaters Take to the Water After July 1 Sales Tax Reduction on the Sale of Boats, Motors and Trailers

ESSEX, CT ---JULY 12, 2018 --- With a provision within Public Act 18-81 lowering the sales tax on boat purchases, boating enthusiasts across Connecticut had been eagerly anticipating the bill's July 1 effective date to get out on the waters in new boats just in time for the July 4 holiday week. The first two weekends in July and the holiday did not disappoint, with dealers from all parts of the state reporting brisk sales of boats of all sizes, motors and trailers, which are affected by the bill's tax reduction.

"Boating in Connecticut has become more affordable with the passage of this bill, and it couldn't have come at a better time for Connecticut marinas and dealers who have been losing customers and jobs to neighboring states. Coupled with a somewhat delayed season, this past weekend really announced the opening of the season and a re- invigoration of boating in our state," said Kathleen Burns, Executive Director of the Connecticut Marine Trades Association (CMTA).

The provision lowers the tax rate on the sale of boats, motors and trailers from 6.35% to 2.99% effective July 1, 2018. The new tax rate applies to all boats - new or pre-owned, motors and trailers, whether purchased separately or as a package.

Throughout the holiday week, marine dealers were posting on social media and emailing the news of active sales. "The incredible buying activity that is taking place right now is amazing! We have provided a reason to buy and the success of the new lower tax rate has been a bit overwhelming. We are thrilled with the success," reported Don MacKenzie, Vice President and General Manager of Boats Incorporated in Niantic only two days after the reduction went into effect.

The buying action continued as the heat wave drove people to the water, marinas and dealers. "What a difference almost three percentage points can make. With the new tax rate we are back to being competitive with boat dealers in our surrounding states. We are looking forward to finishing out the season strong!" said Mitch O'Hara Jr, Vice President of Candlewood East Marina in Brookfield.

"The economic reality of this tax reduction is that it will help to re-create jobs that have been lost in past years within the marine trades in Connecticut, " Burns said. "It's been noted that over the past years when our tax rate was above 6% and higher than every other state on the east coast without a cap, that about 40% of our boat sales left the state taking with them their service work, slip, mooring and storage. The calculations show that for every 16 Connecticut boat registrations lost, the equivalent of one full time job in the marine trades is also lost and the decline has been impactful," she continued.

Tasha Cusson, owner of Atlantic Outboard and Westbrook Marine Center in Westbrook related that their sales were indicating that purchasers were intending to keep their fishing and cruising type boats in Connecticut. "Almost every customer that bought a boat this past weekend asked for slip availability," she said.

The tax cut effectively reduces the sales tax by 53%, and with the tax savings calculated at around \$1,000 per \$30,000 purchased. The reduction now helps Connecticut be more competitive with neighboring states such as Rhode Island, New Hampshire, and New York in attracting boaters. Burns says that "Connecticut has over 618 miles of tidal shoreline, 180 inland lakes and hundreds of miles of rivers offering varied opportunities to get involved in recreational boating, and we are so pleased to be able to welcome back boaters who may have left the state in recent years as well as encourage new boaters to experience our waterways for the first time."

According to Bob Petzold, owner of Petzold's Marine Center, in Norwalk, "We had a customer come in unannounced and said the savings [in tax] was enough to change their minds." Petzold went on to say that in order to keep up with demand, "We have been buying inventory from other dealers and recently went to Virginia and Maine to pick up boats for customers."

The National Marine Manufacturers Association reported that in 2016 there were 93,364 registered boats in Connecticut, with the annual retail sales of new boats, engines and marine accessories in Connecticut accounting for \$157.7 million, which support over 7,300 jobs in the state in 537 small businesses which facilitate the purchasing, storing, servicing and caring for boats. That year, the state's recreational boating industry has an annual overall impact of more than \$1.3 billion.

Citing efforts in other states, Burns said that "In every other state that has enacted similar tax reductions, the marine industry was able to reverse the loss of registrations within the first year - which could create more tax revenue for our state by this time next year."