



February 28th, 2023

The Honorable Andrew Gounardes
Chair
Senate Committee on Budget and Revenue
917 State Capitol
Albany, NY 12247

Dear Chair Gounardes and Members of the Senate Committee on Budget and Revenue:

The Marine Retailer's Association of the Americas would like to express our formal opposition to S.2557/A1646. On behalf of our New York State members, we respectfully ask that the Committee do not pass S.2557 due to the significant economic harm it will cause the Marine Industry and coastal communities throughout New York State.

The Marine Retailers Association of the Americas (MRAA) is the leading trade association of North American small businesses that sell and service new and pre-owned recreational boats and operate marinas, boatyards, and accessory stores. MRAA represents more than 1,300 individual member retail locations and conducts advocacy efforts on their behalf.

Recreational boating and fishing are not only part of the state's heritage but are also major economic drivers. According to the United States Bureau of Economic Analysis Outdoor Recreation Satellite Account, Boating and Fishing in New York generated \$1,099,417,000 in 2021, dwarfing every other measured recreational sector. Furthermore, recreational boating in New York state supports 50,000 jobs at more than 2,300 businesses. The sales, service, and storage, of vessels over \$230,000 contribute significantly to New York States recreational boating economy and the associated businesses, as the state is home to many North-South boaters. Any policies that will have an impact to ultimately lessen the sales and services of these vessels will have a negative impact on the undersigned New York boating businesses.

In 2015, New York State put in place the cap on vessel sales tax in order to help Marine Retailers throughout the Empire State stay competitive with businesses in both neighboring states, like Connecticut and New Jersey, as well as in Florida – as a majority of luxury yachts belong to North-South boaters. If repealed, New York State Marine Retailers will be at a significant

disadvantage to their counterparts in other states and will likely miss out on a large volume of sales. The table below shows current Vessel Sales Tax Rates for neighboring states, and Florida.

	Vessel Tax Rate %	Max Sales Tax \$
New Jersey	3.3125%	\$20,000
Connecticut	2.99%	N/A
Florida	6%	\$18,000
New York State	8%	\$18,400

The table above highlights the challenge New York State faces, flanked by states with far less burdensome vessel sales taxes, consumers will likely avoid purchasing their vessels in New York and opt for a more tax friendly environment. Furthermore, New York State also has in place a Vessel Use Tax which is placed on vessels purchased out of state and used in New York for 90 consecutive days. This Use Tax is limited by the same \$230,000 cap as sales tax, and presents another issue, as this may cause out of state boaters to avoid service and storage in New York as well, opting to purchase, store, and service in neighboring states, or Florida, with a lower tax burden, and minimizing time in New York State waters.

Luxury vessels are not only important for Marine Retailers from a sales standpoint but provide a constant stream of revenue through storage and service, keeping businesses afloat during the off season. The continued maintenance of these vessels and associated costs with storage makes up an impressive portion of Marine Retailers income, not just the sale. Even smaller expenses like fuel, groceries, snacks, bait, and fishing gear, for a day of fun on the water add up considerably throughout the season and provide another revenue stream to both Marine Retailers and Marinas, as well as associated businesses like tackle shops and convince stores.

Again, due to the significant negative economic impact this will have on Marine Retailers as well as the recreational marine industry at large throughout New York state, the MRAA is staunchly opposed S. 2557 and kindly request that the Committee do not favorably report this legislation. If the committee has any questions or would like further information regarding the impact of this policy, please contact Chad Tokowicz at 978-569-5127 or chad@mraa.com.

Sincerely,



Chad Tokowicz
Government Relations Manager
Marine Retailers Association of the Americas