



April 10, 2025

Washington State Legislative Maritime Caucus
326 John L. O'Brien Building
PO Box 40600
Olympia, WA 98504

Dear Members of the Maritime Caucus,

We, a coalition of the recreational boating industry, representing \$8 billion in annual commerce for Washington State, strongly oppose the proposed luxury tax on high-valued vessels in SB 5801. This tax poses significant economic and social threats that outweigh its projected benefits.

Historically, luxury taxes fail to meet revenue expectations and harm local economies. The U.S. experienced a 77% drop in yacht sales and over 25,000 job losses due to a similar tax in 1991, leading to its repeal in 1993. More recently, Canada reported an 85% decrease in new boat sales and widespread job losses following their luxury tax, with revenue falling short.


The proposed tax burdens middle-class workers and small businesses, risking jobs in boat manufacturing and impacting boat-related tourism. Higher taxes drive potential buyers to register vessels in tax-friendlier states like Oregon or Alaska, further draining local revenue.

Notably, Washington already imposes an annual value-based excise tax on boats, contributing approximately \$20 million annually, equating to a de facto luxury tax.

In conclusion, we urge you to reject the luxury tax proposal. It will harm jobs and small businesses while achieving minimal revenue impact. Instead, let's focus on solutions that foster economic growth and stability for all Washingtonians.

**EFFECTS OF THE
1991 FEDERAL TAX**


77%
DROP IN SALES
WITHIN A YEAR



LOSS OF OVER
**25,000
JOBS**
IN BOAT MANUFACTURING,
MAINTENANCE, AND MARINAS

**EFFECTS OF THE
2022 LUXURY TAX
IN CANADA**

LOSS OF
MORE THAN
\$211
MILLION (CAD)



APPROXIMATELY
85%
DECREASE IN NEW BOAT
SALES

Thank you for considering our perspective and for your great partnership in supporting the maritime industry in our state.

Sincerely,

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