



issue

Recreational Marine Industry Job Initiative

In order to preserve and protect the marine industry jobs and the jobs of ancillary businesses (retail, service and restaurant) in and around recreational boating areas, we suggest and support the following actions:

- 1. Placing a cap on the sales and use tax charged on recreational boats above \$300,000 in Texas.**
This would make Texas more "boater friendly" to allow for more sales to support and create industry jobs.
- 2. Changing the TPWD sales and use tax code to include all recreational vessels up to 115 ft. subject to the same rules.**
Currently vessels over 65 ft. have separate rules and are taxed at the local sales tax rate
- 3. Establishment of a "Safe Harbor" rule for out of state vessels.**
This would allow for non-Texas registered vessels to remain in state for up to 90 days to make needed repairs. Texas will be collecting sales tax on repairs and services and products
- 4. Establishment of a "Removal Affidavit" for out of state purchasers.**
This would provide an exemption for an out of state buyer from the Sales and Use Tax so long as the boat is removed from Texas within 10 days.

The above actions would allow Texas to be competitive with other states and retain jobs in the marine industry and the jobs of those supporting the industry as evidenced by the following:

- On July 1, 2010, Florida enacted a Sales and Use Tax Cap of \$18,000 on boats sales valued at \$300,000 and above. Both the Florida House and Senate unanimously voted for the \$18,000 tax cap, bringing more jobs and tax revenue to the state
- In the first year, Florida's new sales and use tax cap generated in excess of 13.46 million in direct sales tax revenue for the state compared to a \$1.5 million loss that had been projected.
- In 2011 Texas was ranked 2nd in annual Boat expenditures at \$982 Million. Florida ranked 1st with \$1.47 Billion
- Texas sellers of large vessels are moving and listing boats to Florida dealers to take advantage of the lower tax rate for buyers.

Other Coastal States with minimal Sales and Use tax:

- Georgia 0 % sales tax on used vessels
- South Carolina 5 % capped at \$300.00
- North Carolina 3 % capped at \$1,500
- Rhode Island 0% tax
- Delaware 0 % tax

For more information, contact:

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BOAT SALES TAX IN TEXAS HURTING ECONOMY

With the tax disadvantage our business transactions are on the decline. The bottom line is thousands of job losses if we don't change. The domino effects will impact many industries and their employment such as: Tourism, Marine Industry, Dockage, Storage, Fuel, Fishing, Provisioning, and Maintenance.

“MISSING THE BOAT” - BOATING SHOULD BE BIG BUSINESS IN TEXAS

- Texas Recreational Marine Businesses have declined from 1,986 to 1,875 by the end of 2010
- The number of direct employees declined from 10,689 to 10,587 in the same period
- SoldBoats.com - Boats priced \$300,000 and above from Jan. 2011 thru Jan. 2013:

Texas

2011	34
2012	26
2013	2
Total sold	62

Florida

Total Sold	1,626
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New Boats purchased by Texas Residents - NOT PURCHASED OR REGISTERED IN TEXAS:

(Data from Boatscope - taken from CG Documented boats thru approx. 6/12)

40ft – 100 ft. boat model year 2008-2013

2010	7
2011	16
2012	18 – thru approx. 6/30/12

TEXAS PARKS AND WILDLIFE DEPARTMENT – INITIAL BOAT REGISTRATIONS:

Length (ft.)	2007	2008	2009	2010	2011	2012
26 < 40	2507	2388	2141	2097	1920	1919
40 < 65	471	461	338	362	314	300
65+	97	102	66	60	51	49

TEXAS VS FLORIDA -- REAL GDP:

BUREAU OF ECONOMIC ANALYSIS, US DEPARTMENT OF COMMERCE

	2008	2009	2010	2011
Texas-4th	1,077,144	1,057,675	1,113,104	1,149,908
Florida-37th	689,445	651,982	657,717	661,091

MILLIONS CHAINED (2005) DOLLARS

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