



The Evidence on the Boat Tax Exemption is Clear: **Tax-Free Status for RI = More Jobs, More Businesses and Millions for RI's Economy**

A History of the Tax Exemption on Boats in RI

In 1992, the General Assembly, in its wisdom, passed the boat tax exemption in Rhode Island. As boat builders, service people and marina operators came to the State House to plead their case, the General Assembly's eyes were opened to the fact that the tax-free status for boats would attract quality businesses, create good-paying jobs, and fill the state's waters with boats. The relief from this levy would lift the chains off an industry with the potential to flourish in the Ocean State. Their wisdom was not unfounded. The tax was eliminated and the growth of the marine industry started the next day.

Since 1992, Rhode Island has developed a world-class boating industry. This industry has brought 2,300 businesses and employed 6,600 workers at more than \$26 million in wages. The Rhode Island boating industry grew powerfully and spawned a variety of marine trade companies. Our boat building companies are some of the most recognized in the world. This industry is supported by local boat component companies, composite companies, marinas, fishing businesses, boating accessory companies, cleaning companies, and the list goes on and on. The industry has developed a national and international clientele and our status in the industry is a source of pride for the state and local boat owners.

Our state, led by the General Assembly's passage of this law, out-witted the surrounding states to win business across the Northeast and beyond. MA and CT envy our tax status, as it is difficult to compete with a tax-free state. Our tax-free status has positioned RI as the go-to state for boating and as a result, more marine industry businesses locate here, more jobs are created here, and more visitors find our shores.

In an August 6, 2010 article in The Providence Journal, reporter Neil Downing writes, "Rhode Island's boat-tax policy is the sort of approach that the Massachusetts boating industry would like the Bay State to adopt, according to Jamy Buchanan Madeja, legal and government relations counsel for the Massachusetts Marine Trades Association... 'Rhode Island has smart tax policy' regarding boats, she said. It has been 'fantastic for Rhode Island and terrible for Massachusetts,' she said.

The visitors attracted through this industry pour money into our economy at all levels. People from far and wide enjoy our waters and thousands upon thousands attend two of the premier boat shows on the circuit: The Providence Boat Show and The Newport International Boat Show. From dining in restaurants to staying in hotels to shopping locally, they play a critical role in our state's economy year-round.

There are undoubtedly people who purchase larger boats, keep them in Rhode Island and spend their money here, but this is not about wealthy boat owners. This tax-free status is critical to the many boat owners who own boats under 40 ft. our Rhode Island and Northeast fishermen, recreational boating families and charter captains purchase their boats here, store them and fix them here, because of the affordability this state offers.

In a time of high unemployment, the boating industry continues to supply valuable, good-paying jobs for the people of Rhode Island. Of course, the recession has had its impact on all industries, and although some job losses may have occurred over the past two years, the growth in the boating industry since 1992 is evident. **The facts are not disputable: the tax exemption on the marine industry is a win for workers, a win for business, a win for our local economy and a win for our state overall, as it puts RI in the navigation log of every boat in the Northeast.**