



Marine Industries Association
of South Florida

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For Immediate Release

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TARGETED TAX REDUCTION PRODUCES WIN-WIN FOR FLORIDA

FORT LAUDERDALE, Fla. – March 1, 2012 – Florida took in nearly 10 times as much sales tax revenue on the sale of tax-capped boats than was projected by the state in the first year following implementation of the Maritime Full Employment Act provisions of a major jobs bill signed into law in 2010, according to a study just released by the Florida Yacht Brokers Association (FYBA) and the Marine Industries Association of South Florida (MIASF).

The new law puts an \$18,000 sales-and-use tax cap on boats purchased or brought into Florida. Research indicated that Florida's marine industry was losing sales to nearby states and foreign countries with lower or no sales taxes at all.

The 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 first-year loss that had been projected by a Florida legislative staff analysis. Thomas J. Murray and Associates Inc. conducted the initial research and subsequent survey.

Prior to July 1, 2010, all boats sold and or delivered in Florida were subject to a 6 percent sales-and-use tax, unless specifically exempt. A new 34-ft. powerboat costing \$400,000, for example, would cost \$24,000 more in taxes. In comparison, South Carolina has a \$300 sales tax cap on boats and in North Carolina the cap is \$1,500. No sales taxes are levied in the U.S. and British Virgin Islands as well as the Cayman Islands. As a result, more than six out of 10 buyers of boats sold by Florida brokers were registering and operating their boats outside of Florida in order to legally avoid paying Florida's sales tax.

Especially hard hit by the Great Recession, the state's \$18 billion marine industry which employs 220,000 Floridians, sought help from the Florida legislature pointing out that the state's 6 percent sales-and-use tax was counterproductive. Small business owners argued that it provided an incentive for Floridians to purchase boats out of state and maintain and provision them elsewhere, resulting in a loss of jobs and economic activity in Florida. The hefty use tax also discouraged non-residents from bringing their boats to Florida for service and provisioning.

Among the survey's findings:

- The average sales price for post-cap transactions in Florida was \$907,002 - nearly double the pretax value of closings taking place in Florida prior to the cap.
- In the post-cap era, transactions for which either no sales tax was paid, or the closing was conducted out-of-state, dropped from 21.5 percent in the pre-cap era to an estimated 12.8 percent following implementation of the sales tax cap.

"The results of our survey research demonstrates beyond a doubt that setting a reasonable tax basis for high dollar purchases provides an incentive for more boats to be purchased, provisioned and kept plying the waters of Florida," said FYBA spokesman Jeff Erdmann, owner of Bollman Yachts of Fort Lauderdale. "More boats sold and registered in Florida means more business and jobs for Floridians," he added.

Erdmann singled out state Sens. Don Gaetz (R-Destin) and Ellyn Setnor Bogdanoff (R-Fort Lauderdale) as well as Reps. Tom Grady (R-Naples) and Will W. Weatherford (R-Wesley Chapel) for pushing the sales-and-use tax cap through the legislative labyrinth and helping to preserve jobs in Florida's marine industry. "I especially want to thank those legislators who were willing to listen to reason and research when it would have been much easier to stereotype the marine industry," said Erdmann.

About Florida Yacht Brokers Association

The Florida Yacht Brokers Association (FYBA) is composed of more than 1,100 members representing over 400 businesses. Each member is required to not only abide by a code of ethics to protect the public against fraud or misrepresentation, but to endeavor to eliminate any practices which could be damaging to the public or to the integrity of the yacht brokerage profession.

About Marine Industries Association of South Florida

Marine Industries Association of South Florida (MIASF) members - comprised of marinas, boatyards, boat builders, megayacht manufacturers, yacht and charter brokers, craftsmen, technicians, marine suppliers, wholesalers and retailers plus a wide range of other marine-related businesses - are primarily located in the South Florida region to serve this world-renowned marine community known as "The Yachting Capital of the World."