



PRESS RELEASE

Recreational Fishing Alliance

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SENATORS PUSH FOR BOAT TAX ROLLBACKS RFA Warns of Return to Early 90's Coastal Job Killing Days

President Barack Obama called key congressional leaders together for meeting on Sunday night to negotiate a deficit-reduction package in hopes of preventing the U.S. government from defaulting on its financial obligations if a \$14.29 trillion borrowing limit isn't raised by August 2. The president is pressing Republicans to accept new tax revenues, with leading Democrats looking to make changes to entitlement packages as part of a comprehensive agreement.

Republican leaders on Sunday morning had said that the tax changes pushed by the White House had little chance of gaining support in the Republican-controlled House, arguing that main components in the President's deficit-reduction package would seriously damage economic growth.

According to the Recreational Fishing Alliance (RFA), history proves that one particular tax change being openly promoted by some Senate Democrats could have serious impact on the health of recreational fishing and boating industry and lead to further economic collapse in the coastal community.

Late last Friday, RFA sent a letter to Sen. Charles Schumer (D-NY) expressing deep concern with recent comments by leading Senate Democrats including Sen. Schumer. Early last week, U.S. Sen. Jay Rockefeller (D-WV) proposed several ideas on how to shave more than \$1 trillion from the federal deficit, including the elimination of second home tax deductions for owners of some yachts, a move that the Recreational Fishing Alliance (RFA) says failed miserably in the early 1990's. Later in the week, the [New York Times](#) quoted Sen. Schumer as saying "Yes, believe it or not, Uncle Sam subsidizes the purchase of sprawling, luxurious, 72-foot Viking yachts. As long as your yacht has a place to sleep and a place to — how shall I put it — relieve yourself, you can classify it as your 'second home' and claim the mortgage interest deduction."

RFA's letter cosigned by Executive Director Jim Donofrio and Managing Director Jim Hutchinson, Jr. was a respectful reminder to the senior Senator from New York that previous efforts to 'tax the rich' within the boating community led to the near total economic collapse of the boating industry in the early 1990's.

"Rolling back tax breaks for buyers of Viking Yachts or any other high-end American made boat will not spur economic growth, but instead will lead to those same failed unintended circumstances as our country faced nearly 20 years ago," the RFA directors wrote. "Deincentivizing buyers in a down economy will never raise enough tax revenue to offset the loss of American business. Such rollbacks will simply stop consumer spending and put more hard-working, middle and lower class workers on the unemployment line."

RFA points to the irony whereby workers that Democratic leaders are hoping to protect are the same ones who will suffer the most under these types of rollbacks. "The guys who actually build these big sportfishing boats are all fishermen who are out in their spare time fishing on 16, 18, 21 and 26 footers," Donofrio said on Monday. "Boats like Viking are built by hard-working, middle class fishermen in mostly middle class fishing communities. A tax on big boat owners will only punish our blue collar fishermen, and as history proves, it would be devastating for our entire coastal community," he said.

In 1990, Republican President George H.W. Bush and the Democratic majority in Congress agreed to levy a 10% luxury tax on the American boat buying public in hopes of closing a \$500 billion federal deficit. RFA said that Americans stopped buying high-end American-built sportfishing boats, and in some cases bought boats overseas to avoid the federal tax.

“The unintended consequences of the luxury tax of the early 1990’s was that 100 U.S. companies went out of business, and 25,000 direct manufacturing jobs and another 75,000 indirect jobs were lost,” RFA said. “In the 2-1/2 years that this job-killing tax was in place, Viking Yachts, one of the preeminent builders of quality sportfishing boats and cruising yachts in North America saw its New Jersey based manufacturing employment plummet from a staff of 1,600 to just 40 employees.”

The founders of Viking Yachts, brothers Bill and Bob Healey, spearheaded a national grassroots effort within the boating industry to see the luxury tax repealed, culminating in protests in DC with organized busloads of out-of-work boat builders rallying on Capitol Hill as well as onwater protest in Narragansett Bay where a barge was set on fire to attract attention to the plight of the marine industry.

“Many businesses did not survive this legislative experiment in the effects of unintended Consequences,” RFA said in their letter to Sen. Schumer, who himself was a member of the 101st Congress in the early 90’s and voted in favor of repealing the job-killing tax. “What members of Congress learned by the time of the luxury tax repeal in 1993 was that the nation’s wealthy boat buyers are not the ones who build those boats; a luxury tax aimed at the rich strikes hardest at working class America.”

Following their success in helping repeal the devastating luxury tax, the Healey’s would go on to participated in the founding the RFA in 1996 in hopes of continuing those grassroots efforts to safeguard the rights of anglers and business owners within the recreational fishing and boating industry.

“The sportfishing industry is just starting to turn the corner after a devastating few years, and now is certainly not the time to heap additional punishment upon our recreational fishing communities,” said Bob Healey, Jr., now Chairman of the Board of Directors at the RFA. Healey points to the reality of the 90’s luxury tax when reports showed that the federal government spent approximately \$5 in unemployment and other costs associated with layoffs, for every \$1 raised by the tax itself.

“Sometimes, all it takes is for legislators to look at past history to see how some of these misguided efforts at tax reform actually performed here on Main Street, and negative consequences of attempting to squash consumer spending” Healey added.

“When you think about the price of the high performance center consoles now fishing the tournament trails or working the edge of the canyons, I can’t quite figure out what kind of arbitrary yard stick Congress would even use to calculate new luxury taxes on boats,” Donofrio said. “We have some educating to do in DC, and hopefully our coastal legislators can do much of the teaching.”

Visit www.joinrfa.org/press/SenSchumerLetter_070811.pdf to download a PDF version of the RFA’s July 8, 2011 letter to Sen. Schumer.

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The Recreational Fishing Alliance is a national, grassroots political action organization representing recreational fishermen and the recreational fishing industry on marine fisheries issues. RFA’s Mission is to safeguard the rights of saltwater anglers, protect marine, boat and tackle industry jobs, and ensure the long-term sustainability of our Nation’s saltwater fisheries. For more information, call 888-JOIN-RFA or visit www.joinrfa.org.