



Senate Bill 90

Natural Resources – Vessel Excise Tax – Maximum Tax

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 20, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** SB 90. This bill would limit the amount of the vessel excise tax to no more than \$10,000 for any vessel purchased.

Under current law, the vessel excise tax is imposed at a rate of 5% of the fair market value of the vessel purchased. Limiting or capping the tax at a specific dollar amount would mean that a purchaser of a vessel with a smaller fair market value would be paying the full 5% excise tax, while a purchaser of a vessel with a greater fair market value would be paying a smaller percentage of tax. This does not constitute fair tax policy.

More importantly, the revenue generated by the vessel excise tax funds the Waterway Improvement Fund (Fund) administered by the Department of Natural Resources (DNR). This Fund provides financial support to local governments, federal agencies, and DNR for capital projects and services for the boating public. Projects may include the dredging of waterways; the building of bulk heads, piers, and boat ramps; or the purchase of rescue equipment for water emergencies.

According to DNR, the economy has affected revenue going into the Fund and it has not been able to meet project demand. The Fund has a backlog of projects totaling \$54 million. Limiting the amount of the excise tax to \$10,000 would further reduce revenue going into the fund greatly affecting the number of important and necessary waterway improvement projects to be funded each year.

MACo urges the Committee to issue an **UNFAVORABLE** report on SB 90.