

To the House Finance Committee,

I am a Rhode Island boater and strongly oppose H6256. Reinstating a sales tax on boats will hurt Rhode Islanders by pricing us out of access to our waters, will drive both boaters and marine-related businesses out of state, will reduce local jobs, would result in decreased revenues to the state, and will have multiple negative impacts on the state economy.

Reinstating a tax on boats will not raise significant revenues. Boat sales are already declining because of economic anxiety caused by Donald Trump's damaging and irrational actions. Reinstating a tax will only further decrease them, and any illusory revenues some think could be realized.

Many boaters, including myself, will also likely leave the state if this is implemented. The state's performance across many measures is dismal: the worst public health record of all states in managing the pandemic; the worst road conditions of all states; the highest proportion of structurally unsound bridges. Reinstating a sales tax on boats could be the last straw for many people to leave.

Reinstating a sales tax on boats will severely damage one of the few successful industries in the state. The unpleasant reality is Rhode Island is economically weak. The state has few natural resources other than a modest fishing industry, no major businesses to speak of, and only a single nationally recognized university. One of the few bright spots in an otherwise feeble state economy is the marine industry. There are premier boat builders located here, along with dozens of successful marinas and hundreds of related businesses including boatyards, repair services, restaurants, and marine supply stores. The primary reason there are so many boats and related business in Rhode Island is the lack of a sale tax. All of these would be damaged by a boat sales tax resulting in the loss of tens of thousands of jobs and hundreds of millions of dollars of economic impact from boaters spending on marine and related goods and services.

I appreciate the difficult position Rhode Island is facing. Governor McKee's proposed FY2025 budget assumes \$5.1 billion in federal funding – an impossible 36% of the total. This is untethered from reality. There is no scenario in which the Trump administration will provide even a fraction of that amount to the state.

However, you will not be able to tax your way out of this predicament. The issue is not insufficient tax revenues. The unpleasant reality is the real problem is grossly inefficient spending due to the state's endemic and ingrained graft and waste.

Per capita Rhode Island spends about 50% more than Massachusetts yet has a state GDP that is likewise about 50% less than Massachusetts. We spend far more than other states yet have much less to show for it and with greater needs and problems. The reason is much of the money gets wasted in Rhode Island, on graft, payoffs, personal pet projects, inflated no-bid contracts, unnecessary endeavors, and bribes. This is where you must focus your attention.

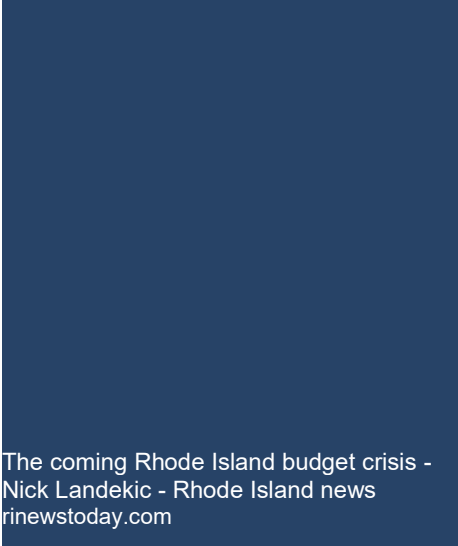
State Budget Comparisons

	<u>Population (2024 est)</u>	<u>FY 2026 Budget (billions)</u>	<u>Spending Per Capita</u>	<u>State GDP 2024 (millions)</u>	<u>GDP Per Capita</u>
Rhode Island	1,112,308	\$14.2	\$12,766	\$81.9	\$73.63
Massachusetts	7,136,131	\$59.6	\$8,352	\$776.1	\$108.76
Maine	1,405,012	\$7.2	\$5,125	\$97.9	\$69.68
Vermont	648,493	\$9.0	\$13,878	\$45.4	\$70.01
Connecticut	3,675,069	\$27.0	\$7,347	\$363.4	\$98.88
New Hampshire	1,409,032	\$8.2	\$5,820	\$120.2	\$85.31

I strongly support equitable taxation. However, reinstating a boat sales tax will not accomplish what is needed for Rhode Island. It will grievously backfire and have the opposite effect.

In 2019 Governor Gina Raimondo achieved a balanced state budget with a total spend of about \$9 billion. This laudable achievement is what you must work towards getting back to. Most of the budget increases since then have been wasted.

I urge you and all legislators to read the recent article in Rhode Island News Today on the state budget problems:



The coming Rhode Island budget crisis -
Nick Landekic - Rhode Island news
rinenewstoday.com

Changing Rhode Island's culture will take time but is the only way the state will survive the new reality of the Trump administration. In the meantime I urge you to vote NO on H6256. Passing it will only increase unemployment, cause people to leave the state (including myself), decrease net state tax receipts, and decimate the marine industry and destroy one of the few successful business segments in the state.

Sincerely,

Nick Landekic
Bristol RI