

Wednesday, October 2, 2019

To; Brian Kalliecharan

Sent via email; info@briankalliecharan.ca

The recreational boating industry is a significant contributor to Canada's economy, and is also an industry that drives a recreational sport which 43% of Canadian families actively embrace. With over 2 million lakes and rivers and 20% of the world's freshwater, boating is and has always been an integral part of our Canadian fabric and a favourite pastime of generations of Canadians.

As you know our industry has come through some challenging times in recent months. In Spring 2018, recreational boats were unfortunately caught in the fray of the complicated Canada-U.S. trade war and were listed, along with a multitude of other manufactured products, in the Canadian federal government's counter-measures list in response to the U.S. tariffs. The associated 10% tariff caused significant harm to many of our small businesses across Canada. Overvalued inventory is still sitting on many dealerships lots to eventually be sold at a financial loss due to the launch and subsequent removal of the tariff. While we were able to successfully have the counter-measure dropped, the negative impacts of this move by government still lingers.

Unfortunately, we have seen a new development emerge in the current federal election campaign which we are very concerned by and are closely monitoring. In their newly-announced platform, the Liberal Party of Canada has announced its intention to introduce a "luxury tax" on various consumer products, including boats which are valued at over \$100,000.

<https://www.cbc.ca/news/politics/trudeau-liberal-platform-release-election-1.5302042>

"To raise new revenue, the Liberals are proposing a 10 per cent "luxury tax"— an additional excise tax on luxury cars, boats and personal aircraft that sell for more than \$100,000. "

With over 85% of boats sold in Canada being sourced from the USA or Europe and our current weak Canadian dollar, this means a \$75,000 boat in the USA would be subject to this new tax should it be implemented. Boats are not luxury items. Thousands of middle-class Canadian families choose fishing boats, pontoon boats, ski/tow boats or others as

their preferred recreational sport. These families will be forced to look at alternative sources of recreation as they will refuse to pay another tax so they can boat.

So-called “luxury taxes” have been implemented and repealed in the U.S. in the past. The perceived government tax revenue was severely limited by several issues namely; a) consumers who simply did not buy the boats because they refused to pay the tax, b) job losses which brought significant loss in revenue to the tax base, c) the tax harmed one industry while benefitting others as consumers spent their money elsewhere.

Recreational boating in Canada is a \$10 billion industry generating over 75,000 jobs and tax revenue of over \$860 million annually. On Ontario alone it is a \$4.03 billion industry with 30,000 jobs.

The proposed tax will surely cause job losses at boat factories throughout North America including plants in Canada. We as an industry will be forced to watch our consumers take their dollars to other recreational sports where there is no threat of a luxury tax. Rural job losses at marinas and boat dealerships across the country will follow.

The suggestion of this luxury tax is troubling, and we urge you to monitor this proposal to avoid further damage to an industry that contributes significantly to Canada’s economy and to the quality of life of millions of Canadians annually.

Respectfully,

Rick Layzell

CEO