

March 15, 2023

To; Media newsrooms
Re; Federal Luxury Tax

Recreational boating is a favourite Canadian pastime. As vacation property values have pushed higher, thousands of middle-class families have chosen boating and small cruisers as an affordable alternative. These families and their selected passion are now under siege courtesy of Ottawa's 'Luxury' tax which came into force September 1, 2022.

A recent report from the Department of Finance 'DOF' states that across the auto, aviation and recreational boating sectors, 400 – 870 jobs are at risk. That same report estimates that in recreational boating *'employment losses could amount to between 50 and 155 FTEs'*. A National survey from Canada's Marine Trade Associations* has shown that over 100 jobs have already been terminated. These blue-collar workers haul boats, service and detail boats – and just like many of our customers they're not rich, they're just hard-working Canadians.

Colliding with the immediate loss of employment is the withdrawal of industry production orders for vessels that would have been affected by the tax. Months of consumer communications demonstrated little tolerance to pay the tax. This voice of the customer led the industry to reduce their factory orders and the opportunities to buy these boats were quickly consumed up by USA dealers.

The DOF report estimates that recreational boating will suffer sales losses in the range of \$30 – 100 M. Data from the industry survey is already showing a loss of **\$277 MILLION** and this number continues to increase. This translates to an immediate impact to government of the loss of over \$36 MILLION in direct HST revenues.

Ottawa's 'Luxury Tax' has already proven itself to deliver higher negative impacts on the recreational boating sector which will lead to lower overall tax revenues. A 1991 USA luxury tax on recreational boats failed and was rescinded after decimating the market. The tax needs to be scrapped before history repeats itself on Canadian waters.

Respectfully,

A handwritten signature in black ink, appearing to read 'Rick Layzell'.

Rick Layzell
CEO

* Canada's Marine Trade Associations include, Boating Ontario, Boating BC, Boating Atlantic & NMMA