Task Force to Study the Boating Industry in Maryland

Final Report

December 31, 2008

Task Force to Study the Boating Industry in Maryland

December 31, 2008

The Honorable Martin J. O'Malley
State House
100 State Circle
Annapolis, Maryland 21401

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
State House
Annapolis, Maryland 21401

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, Maryland 21401

Dear Governor O'Malley, President Miller and Speaker Busch:

Maryland's boating industry is a major economic activity in our State creating $2.5 billion in total nominal spending and generating over 32,000 jobs. This industry provides a vast array of services to both resident and visiting recreational boaters. Recreational boating is a popular activity in Maryland, due in part to our central location along the Atlantic seaboard as well as the attractive allure of the Chesapeake Bay and our other waterways and lakes located throughout the State.

Over the past eight years, the number of registered boats in Maryland has remained stagnant and has recently started to decline. To counter this trend, the boating industry would like to extend the stay of visiting boaters and to market Maryland as a destination for larger transient boats that may need service. In addition, the industry has seen acceleration in the number of marine related business such as marinas and boatyards being converted to other uses such as private waterfront condominiums. These trends have occurred nationwide and are of concern to the Maryland boating industry in that it threatens not only the livelihood of those in the marine industry but also the economic wellbeing of the State. In response to these concerns, Chapter 523 was enacted during the 2007 Legislative Session to establish the Task Force to study the Boating Industry in Maryland.

The Task Force was charged with evaluating and making recommendations regarding protecting and growing the boating industry in Maryland. The goals developed by the Task Force included identifying an agenda for marketing Maryland to the out-of-state boating public, providing the best environment for growing and expanding the marine industry, and identifying factors for promoting and maintaining access to the water for boaters and the boating industry. The results include recommendations to meet the industry's needs through new and enhanced policies, programs, initiatives and statutory changes.

As a result of an unexpected delay, the Task Force did not hold its first meeting until October 2007. To allow sufficient time for the Task Force to complete its work, Chapter 11 was enacted during the 2008

Legislative Session which extended the authority of the Task Force to June 30, 2009, with a designated final report deadline of December 31, 2008.

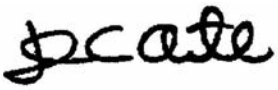
The Task Force met five times during the last year from October 2007 through December of 2008, and three Task Force subcommittees held eleven additional meetings during this same time period. The Task Force acquired information and heard presentations from government officials and representatives from the marine trades about issues facing the boating industry. The Task Force also reviewed government programs currently being implemented in other states for ideas in dealing with the varied challenges facing Maryland's boating industry.

The attached report provides the findings and recommendations of the Task Force. The Task Force is confident that you will find this report helpful in providing guidance to protect and grow Maryland's boating industry and to help ensure that the marine trades will remain a major economic activity in our state.

In closing, I want to acknowledge the valuable assistance the Task Force received from several State agencies during the course of our work, including the Department of Natural Resources, Department of Business and Economic Development, the Department of Economic and Community Development, the Department of Licensing, Labor, and Regulation, and the Department of Legislative Services. The Task Force is also grateful to our staff team of Robert Gaudette, Captain Robert Davis, Sharon Carrick and Peter Chambliss, as well as other staff employed by the state along with Susan Zellers with the Marine Trades Association of Maryland, for the excellent service that was rendered during the last year to support the work of the Task Force.

Thank you for the opportunity to chair this Task Force and help contribute towards protecting and growing Maryland's boating industry.

Sincerely,



Senator John C. Astle
Chairperson

cc: Task Force Members

Maryland Boating Industry Task Force
Membership

Chairperson

The Honorable John C. Astle
Senator, District 30
Maryland State Senate

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Invited Speakers/Guests

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Rick Ayella
Director Tidal Wetlands Division (MDE)

Celia Battaglini
Chesapeake Yacht Clubs Association (CBYCA)

Hannah Byron
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Executive Summary

The Task Force to Study the Boating Industry in Maryland was established by Chapter 523, Acts of 2007, the purpose of which was to evaluate and make recommendations to grow the boating industry in Maryland. Maryland's boating industry is a major economic activity in our State and provides a vast array of services to both resident and visiting recreational boaters. An economic impact study completed by Maryland Sea Grant estimated that the total nominal spending by Maryland's recreational boaters was more than $2.5 billion in 2007.

According to the Department of Natural Resources (DNR), over 205,000 boats are registered in the State of Maryland. Boat registrations in Maryland have declined slightly each year over the past three years. For the rolling 12 months through June 30, 2008, boat sales were down in Maryland by 7%, slightly better than the national average. There is no question that given the current economy, a consumer goods industry like boating will continue to see a decline. The marine industry is also concerned that Maryland is losing waterfront maritime uses to other development such as waterfront housing.

A major issue of concern for the Task Force is the potential negative impact to the boating industry from the existing 5% State vessel excise tax. Larger transient vessels can choose other states where they can pay little or no tax. The Task Force acknowledges that vessel excise tax revenue supports the Waterway Improvement Fund which is important to the marine industry and the boating public since it sustains Maryland's public marine infrastructure (dredging boating channels, constructing public boat ramps, etc.) boating safety, and DNR's boating related programs/activities. However, because of this tax, the industry believes that we are losing an unknown but significant number of larger yachts which often spend more dollars per visit than smaller local vessels. Task Force members strongly believe that the spending by the visiting yachts will more than make up for the loss of revenue from registered Maryland boats, but recognizes that general fund dollars do not significantly help the Waterway Improvement Fund. The Task Force, therefore, includes a recommendation in the report that an analysis be completed by the State to explore a new potential fund source(s) for the Waterway Improvement Fund as means to extend the stay for transient boaters in Maryland.

Based on the requirements set by the legislation, the following goals were developed by the Task Force and assigned to three subcommittees. They included identifying an agenda for marketing Maryland to the out-of-state boating public, to provide the best environment to grow and expand the marine industry, and to identify factors involved in promoting and maintaining access to the water for boaters and the boating industry. The Task Force recommends the following major actions be taken at this time, with action on additional recommendations once the economy recovers (see full list on page 42).

- Department of Natural Resources
    - Draft legislation amending the State Boat Act to allow funding for matching grants to pay for supplies and equipment in support of best management practices at privately owned DNR Certified Clean Marinas.
    - Include expanded definition of "commerce" in their annual Congressional legislative priorities for U.S. Army Corps of Engineers projects (see Maryland Congressional Delegation).
    - Explore creating a single boat use permit for publicly owned boat ramps/landings and to register non-powered vessels, including capturing the sales tax from these vessels for the Waterway Improvement Fund.

- Maryland boating industry (with State support)

    - Promote existing boater education programs through the school systems and through promotions.
    - Support the Marine Trades Association of Maryland's (MTAM) effort to create a new comprehensive consumer website marketing Maryland's recreational boating opportunities.
    - Incorporate MTAM's website information into the State's iMap data base.

- Department of Business and Economic Development

    - Repackage existing sales and incentives for their application to the marine industry.
    - Modify existing website to include 'maritime' under Maryland Industries.
    - Identify development sites for marinas or marine manufacturers.
    - Include expanded definition of "commerce" in their annual Congressional legislative priorities for U.S. Army Corps of Engineers projects (see Maryland Congressional Delegation).
    - Include the maritime industry within the Transportation section of the Workforce Investment Act.

- Department of Legislative Services

    - Conduct analyses regarding options for extending the stay of the transient boater in Maryland while protecting the integrity of the Waterway Improvement Fund.

- Maryland Congressional Delegation

    - Expand the definition of "commerce" to include marinas and tourism to facilitate inclusion in the cost/benefit analysis for maintaining existing and completing U.S. Army Corps of Engineers projects.

- Legislator(s) or appropriate Department

    - Introduce legislation to broaden the definition of commercial waterfront property in Section 9-249 of the Tax Property article of the Code to include "facilities that require direct access to, or location in marine waters, which cannot be located inland, including public marinas, public boat ramps, boat hauling and repair facilities, waterfront recreational facilities, commercial fishing facilities and boating facilities."

The Task Force would appreciate consideration as to the findings of this report when making decisions that may impact the marine trades of Maryland.

Introduction

During the 2007 Legislative Session, Chapter 523, Acts of 2007, Senate Bill 165 established a Task Force to Study the Boating Industry in Maryland and was extended in accordance with Chapter 11, Acts of 2008, Senate Bill 7 **(Appendix I)**. The purpose of the Task Force is to evaluate and make recommendations regarding growing the boating industry within the State. The bill further identifies four key areas for growth: (I) Evaluating incentives to encourage large boats and yachts to use marinas and boatyards for recreation, repair, and outfitting within the State. (II) Determining ways to encourage and promote tourism throughout the waters of the State. (III) Researching the economic impact to marine industries and recreational boaters and on the State's economy. (IV) Identifying barriers that limit the State's competitiveness with other states regarding the boating industry and developing methods to overcome these barriers.

Senate President Thomas V. Mike Miller, Jr. and House Speaker Michael E. Busch appointed Senator John C. Astle to be the Task Force Chairman. Speaker Busch also appointed Delegate Richard A. Sossi to the Task Force. The remaining members of the Task Force represent the following (one member from each state agency/association/business unless shown otherwise):

- State Agencies (Appointed by respective Cabinet Secretary) - Department of Natural Resources (DNR), Department of Business and Economic Development (DBED), and Department of the Environment (MDE)

- Associations/Businesses (Appointed by Governor) – Marine Trades Association of Maryland (MTAM) (2), Local Tourism Boards (2), local Yacht Club, Marina Owner, Boat Dealer, and Maryland Tourism Council (MTC).

Background

In 1996, legislation (House Bill 1358) was proposed to create a tax break for boats traded-in to dealers but was later amended to establish a Marine Industry Economic Development Task Force in the Department of Natural Resources (DNR) to study the marine industry. The legislation passed the House, but the session ended before it could be voted on by the Senate. Nonetheless, a Task Force was formed to study the Maryland boating industry and was comprised of members from DNR, DBED, MTAM, Department of Tourism, sport fishing, and the general public.

In the report prepared by the Task Force entitled, "Report to the 1997 General Assembly by The Marine Industry Economic Development Task Force", the following recommendations were made related to the sustainability and expansion of the boating industry, as well as several recommendations (not listed here) for better marketing the industry:

- The Task Force recommended, with DNR abstaining, that there be a reduction from 5% to 4% in the vessel excise tax rate in order to stimulate growth in the boating economy by placing Maryland in a more competitive position in the Atlantic region.
- The Task Force recommended, with DNR abstaining, that the value of a trade-in be exempt from the aggregate total sales transactions for the purpose of vessel excise tax calculation. (This recommendation later became law and has resulted in an increase in vessel excise tax revenues to the Waterway Improvement Fund.)
- That a study be conducted by the Sea Grant Program to analyze the economic impact of transient boating in Maryland.

In a 2005, an economic impact study completed by the Maryland Sea Grant College which assessed the impact of out-of-state boater spending concluded the following:

- Over 26,000 transient boaters rented space at a Maryland marina or visited a Maryland boatyard in 2004.
- Transient boaters spent an estimated $154 million in 2004 while in Maryland on items related to their boat or on trip related activities.
- Existing spending by the transient boater can be linked to 2,627 jobs.

The study resulted in a series of follow up meetings between DNR and MTAM, the goal of which was to explore ways of extending the stay of transient boaters in Maryland as a means to increase spending by this segment of the boating public which could have a positive impact on the state and Maryland boating industry. Discussion continued on ways to extend the stay of visiting boaters for time periods longer than 90 days a year, when a boater may become liable for the vessel excise tax on the current value of their vessel. The group evaluated a number of issues pertaining to vessel excise tax caps, reducing the vessel excise tax and possibly establishing a "cruising permit" for the visiting boater. However, the group could not agree on such issues given the potential negative fiscal impacts to the Department and the Waterway Improvement Fund. Nonetheless, since 1997, DNR has made a significant number of statutory changes, many of which have benefited the Maryland boating industry **(Appendix II).**

Since 2005, the boating industry has continued a dialogue with DNR regarding several outstanding issues pertaining primarily to tax collection and administrative policies that impact boat dealers and marina operators. All are in agreement that the Waterway Improvement Fund that relies on vessel excise tax on the sale of boats is of tremendous value to the State and the Maryland boating industry.

The marine trades argue that the 5% vessel excise tax keeps larger cruising vessels from staying a longer period of time in Maryland. The trades contend that extending the stay of the transient boater would have a positive impact on marine businesses as well as on tourism and that any decrease in excise tax collection would be made up by increased sales, fuel and income tax revenues. DNR believes that changing the length of stay or the

percentage of the vessel excise tax will have a negative fiscal impact on the Waterway Improvement Fund.

The Waterway Improvement Fund is managed by DNR, the revenues of which are derived from the 5% vessel excise tax that is paid when a vessel is titled in Maryland. The Fund was created in 1966 and is in essence the "Transportation Trust Fund" for the general boating public which helps support the Maryland boating industry. It is the primary fund source that supports the public marine infrastructure in Maryland, including dredging navigation channels (including those in cooperation with the U.S. Army Corps of Engineers) as well as developing and maintaining public boating access sites including state/local boat ramps, landings, and marinas. In addition, the Fund finances the acquisition of fire/rescue/patrol boats and equipment, installing marine sewage pumpout stations, the placement of navigation/regulatory buoys and markers in cooperation with and as an extension of the U.S. Coast Guard, evaluating water-oriented recreation and associated plans, supporting boating information and education, completing boating related shoreline erosion control projects, and supporting marine operations for the Natural Resources Police. Since its inception, the Waterway Improvement Fund has:

- Financed nearly $300 million in waterway improvement projects
- Provided over 4,400 grants to state and local governments
- Completed over 300 public boating access facilities
- Supported over 500 dredging/navigation grant projects
- Installed over 400 marine sewage pump-out stations
- Placed nearly 2,500 regulatory/navigation buoys and markers
- Removed tons of debris and hundreds of abandoned boats from state waterways

During the 2007 Special Legislative Session, the state sales tax was raised to 6%. However, a corresponding increase did not occur with the vessel excise tax which still remains at 5%. Based on this, the Maryland boating industry did inadvertently receive some tax relief when the 5% vessel excise tax remained unchanged. Not increasing the vessel excise tax to 6% has resulted in some loss of potential additional revenue for the Waterway Improvement Fund.

In light of the above, legislation was drafted during the 2007 Regular Legislative Session to create a new Task Force to formally revisit and evaluate the outstanding issues facing the Maryland boating industry and to make recommendations on how to grow the boating industry in Maryland. The legislation was supported by the Maryland boating industry and the Department of Natural Resources.

Task Force Structure

Based on the legislation, the following goals were developed by the Task Force. They include identifying an agenda for marketing Maryland to the out-of-state boating public, to provide the best environment to grow and expand the marine industry, and to identify factors involved in promoting and maintaining access to the water for boaters and the

boating industry. The results would include proposing recommendations and models to meet the industry's needs via new policies, programs, plans and regulations.

To address these goals the Task Force was divided into the following three subcommittees:

Marketing Maryland as a Destination for Boaters

Members: Pete Chambliss, Maryland Office of Tourism Development (Chair)
Connie Del Signore, President & CEO, Annapolis and AA County Conference and Visitors Bureau
Debbie Travers, Assistant Director of Tourism, Ocean City Convention and Visitors Bureau
Bob Gaudette, Director of Boating Services, Maryland Department of Natural Resources
Susan Zellers, Executive Director, Marine Trades Association of Maryland

Encouraging the Expansion of the Marine Industry in Maryland

Members:
Susan Zellers, Executive Director, Marine Trades Association of Maryland (Chair)
Kay Brawley, Chesapeake Bay Yacht Clubs Association
Jeff Truesdale, Clarks Landing Marinas and Boat Sales
Roger Satin, Maryland Business and Economic Development
John McKay, Maryland Department of the Environment
Jay Dayton, Avon Dixon Agency and Marine Trades Association of Maryland

Water Access

Members: Jay Dayton, Avon Dixon Agency and Marine Trades Association of Maryland (Chair)
Steuart Chaney, Herrington Harbour Marinas
Debbie Gosselin, Watermark Cruises
Frank Dawson, Aquatic Resources, Maryland Department of Natural Resources

Staff support was provided by the Department of Natural Resources, the Department of Economic and Community Development, and the Marine Trades Association of Maryland.

Profile of Marine Industry and Existing Conditions:

Economic Conditions:

Maryland's boating industry is a major economic activity in our state and provides a vast array of services to both resident and visiting recreational boaters. An economic impact study completed by Maryland Sea Grant in 2004 estimated that this industry generated over $2 billion in total spending in 2003 of which an estimated $1.6 billion was attributed to boat trip-related expenditures. In 2007, Maryland Sea Grant estimated that total nominal spending in Maryland, including boat purchases, exceeded $2.5 billion in 2006.

Recreational boating is a popular activity in Maryland, due in part to our central location along the Atlantic seaboard as well as the attractive allure of the Chesapeake Bay and our other waterways and lakes located throughout the state. Maryland is known worldwide as a top boating area with attractive destinations including, among others, the Baltimore Inner Harbor, Annapolis, Solomons Island, St. Michaels, and Havre de Grace.

According to the Department of Natural Resources (DNR), the number of registered boats in Maryland has ranged from a high of over 208,000 in 1999 to approximately 206,000 in 2007. In addition, boating related businesses during this decade have seen an acceleration in the number of marine related business such as marinas and boatyards being converted to other uses such as private waterfront condominiums. These trends have occurred nationwide and are of concern to the Maryland boating industry in that it threatens not only the livelihood of those in the marine industry but also the economic wellbeing of the State.

Nationally, according to the National Marine Manufacturers Association, new boat sales were down 26% for the second quarter of 2008 with declines spread across all major categories. For the rolling 12 months through June 30, 2008, new boat sales were down 16%. During this same time period, Maryland boat sales did slightly better than the national average, only decreasing by 7%.

In light of the above, the boating industry would like to secure ways to attract new marine businesses, boat manufacturers, and visiting boaters to our state including ways to make us a more attractive location for transient boats and megayachts wishing to stay longer in Maryland. The industry also wants to protect and expand working waterfront properties and marine related businesses through economic development, government programs and incentives that would help ensure the viability of marine businesses now and in the future.

Listed below are just a few critical facts used by the Task Force in determining the economic conditions of the boating industry in Maryland.

Source: Maryland Sea Grant Extension Program and DNR
<u>Economic Impact of Maryland Boating in 2007:</u>

According to figures provided by the Maryland Department of Natural Resources (DNR), there were 205,838 boats in 2007, a decline of 1% compared to 2006. The number of

personal watercraft (PWC) has increased at an average annual rate of over 3% since 2001, but the 2007 increase was the smallest in recent history at under 2% or only 374 units. Based on DNR excise tax attainment figures, boat sales peaked with a record tax attainment of $29.5 million in 2006, but fell 8.4% to $27 million in taxes collected in 2007.

Total nominal spending including new and brokered used boat purchases by Maryland's recreational boaters remained virtually the same at about $2.5 billion. Approximately, every 6.5 boats registered in Maryland leads to more than one full-time job somewhere in the state's economy and each boat contributes on average about $8,600 a year in economic activity. The industry represents 32,164 jobs.

The above figures do not include the spending of transient boaters, boaters that visit Maryland but do not register their boats here. In 2005 Maryland Sea Grant published a study based on transient boater spending in 2004. Adjusting those numbers for 2007, it is estimated that an additional impact on the Maryland economy of $203 million and an additional 2,861 full time equivalent jobs are a result of transient boater spending.

Source: National Marine Manufacturers Association
2007 Recreational Boating Statistical Abstract:

In Maryland: 2006 New Boat Sales for: Outboard Boats – 3,099; Sterndrive Boats – 1,340 Inboard Boats/PWCs -1,908; Total Powerboats – 6,346

Maryland ranked 23rd for boat registrations in 2006 with 204,277. North Carolina and Virginia and New Jersey all register more boats than Maryland.

Source: Maryland Department of Natural Resources

The majority of the boats registered in Maryland are under 26 feet in length.

Source: Marine Industry Association of South Florida

Mega-yachts, boats in excess of 80 feet are rapidly increasing in number and in economic importance. It is estimated that 20 percent of the mega-yachts in the world travel through South Florida each year, spending an average of $236,000 each year at local boatyards.

Issues Identified by Task Force

Maryland has historically been a world renowned boating destination and home to a variety of outstanding marine businesses. This industry has been an integral part of the State's economic vitality and generates and estimated $2.5 billon in total spending in Maryland. As a means to help promote, sustain, and expand the Maryland boating industry, the Task Force identified eight general categories of issues to expand maritime business and grow boating in Maryland as well as improve coordination between the industry and government agencies. These categories include regulation and management, public education, government programs and incentives, workforce training, the visiting boater, fuel prices, water access, and marketing. The following is a summary of the issues within each category that were identified by the Task Force.

Major Issue Summary

I. <u>Regulation and Management</u>

A. Have MDE develop a new guide to local, state and Corps of Engineers Permits.

B. Have the marine industry better represented on the Critical Areas Commission and create an Advisory Board with MDE as a means to ease requirements on marinas.

C. Establish a 10% State Gross Income tax credit for Certified Clean Marinas.

D. Expand uses of Waterway Improvement Fund to finance implementing DNR Clean Marina Program (best management practices) at public and privately owned marine facilities.

II. **<u>Public Education</u>**

A. Establish/support programs to market boating to the non-boating Maryland resident.

B. Establish/support programs focusing on boaters cleaning up our waterways.

C. Continue boater education courses and promotion of their value to the new boat owner.

III. <u>Government Programs and Incentives</u>

A. Have DBED repackage incentives for the marine industry to expand and attract new marine businesses.

B. Have DBED identify sites with potential for marine industry expansion (use GIS analysis to identify sites).

C. Promote federal legislation that will recognize the marina/marine industry as a legitimate form of commerce as a means to support navigation projects with the U.S. Army Corps of Engineers.

D. Collaborate with DLLR, Maryland Works, and Workforce Investment Boards to prioritize marine businesses.

E. Include the marine industry in the Workforce Investment Act of 1998 as a business in the Transportation Sector.

IV. Workforce Training

A. Work to raise the visibility of marine industry careers in Maryland.

B. Increase visibility of marine industry careers to the Workforce Investment Boards.

V. Extending the Stay of the Visiting Boater

A. Work towards similar laws as our competitors in other states.

B. Increase cruising time for visiting boats from 90 days to 120 or 150 days.

C. Recommend cap for vessel excise tax.

D. Explore property ownership triggering vessel excise tax payments.

E. Effectiveness of tax collection efforts by DNR and the impact on visiting boaters.

F. Implement a test case/alternative to attract boaters to Maryland.

VI. Fuel Prices

A. Determine ways to reduce marine fuel costs.

B. Determine if a portion of state motor fuel tax can be directed to the Waterway Improvement Fund.

VII. Water Access

A. Define ‘no net loss’ and ‘working waterfront’ within the Maryland CODE.

B. Structure tax credits and create maritime easements for marine businesses.

C. Promote development of additional public boat ramps.

D. Work with DNR to increase boat registration fees, broaden the types of vessels required to register and pay the vessel excise tax.

E. Create a single boat launch permit for publicly owned state funded boat ramps/landings.

VIII. Marketing

A. Develop a comprehensive web site showing recreational boating opportunities in Maryland.

B. Develop a detailed marketing plan to promote boating in Maryland.

Summary of Task Force Activities

The Task Force had its first meeting on October 9, 2007 and concluded regular meetings on December 11, 2008. A detailed chronology of the Task Force's activities was completed **(Appendix III).** The Task Force and its sub-committees requested information and invited speakers and guests to present and share expertise on a variety of relevant issues, including:

- an analysis prepared by DNR for vessel excise tax revenues collected by vessel length and price range for vessels registered in Maryland by state of residence from Maryland and other surrounding states;

- a response to questions raised by the Task Force for boat registration, vessel excise tax, and other related policies/data **(Appendix IV)**;

- an effort was completed by the DNR Library to conduct a literature search pertaining to preserving maritime uses. Results included several articles on loss of property for marinas and loss of marina slips to condo development nationwide, lack of public water access in Anne Arundel County and on Potomac River. Also includes news stories, reports and conference proceedings, books, journal articles, and a Thesis pertaining to this topic;

- a compilation of Maryland boat dealer licenses issued by DNR from 1999 through 2008, the dollar value of vessels titled annually from 1999 through 2007, and boat titles issues from 1999 through 2007 by price range of vessel;

- a briefing by the Executive Director of the Critical Area Commission for several Task Force members pertaining to proposed CAC legislation and its impact on marina expansion/development (Ren Serey);

- an overview of the State Wetlands Permit Process to Task Force along with discussion regarding marina expansion/development issues raised by Task Force members (Rick Ayella);

- a document prepared by DNR providing a vessel excise tax overview detailing/defining "Principal Use" related to vessel excise tax requirements and tax collection issues raised by the Task Force **(Appendix V)**;

- a report completed by Department of Legislative Services (DLS) on tax and boat registration enforcement policies for transient vessels in Florida, New Jersey, North Carolina, Rhode Island, and Virginia **(Appendix VI)**;

- a presentation was given by Governor's Workforce Investment Board (DLLR) on ways that they can assist in developing marine related trades/workforce in Maryland.

- a Maryland COIN report prepared by DNR for 2007 vessel excise tax revenue based on price range of vessel.

Task Force completed activities and received documents as follows:

- Task Force received copy of an email received by DNR from the American Canoe Association (ACA) on June 21, 2005 outlining their opposition to registering kayaks and canoes. DNR verified that position outlined in email by ACA is still in effect **(Appendix VII)**;

- Task Force submitted its interim report on November 5, 2007 to the Governor and the Maryland General Assembly and received an acceptance letter from Secretary John Griffin **(Appendix VIII)**;

- Received letter from Task Force on Fish Management on August 28, 2008 requesting that Boating Task Force support increasing boat registration fees to provide additional funding to DNR for acquiring NRP patrol boats **(Appendix IX)**;

- New 2008 Guide to Environmental Permits and Approvals completed by MDE.

Task Force Subcommittees

I. MARKETING MARYLAND AS A DESTINATION FOR BOATERS SUBCOMMITTEE

SUBCOMMITTEE MEMBERS:

Pete Chambliss, Maryland Office of Tourism Development (Chair)
Connie DelSignore, President and CEO, Annapolis and Anne Arundel County Conference and Visitors Bureau
Bob Gaudette, Director of Boating Services, Maryland Department of Natural Resources
Debbie Travers, Assistant Director of Tourism, Ocean City Convention and Visitors Bureau
Susan Zellers, Executive Director, Marine Trades Association of Maryland

CHARGE – Increase the economic impact and utilization of Maryland's water oriented recreational activities and services and identify obstacles and opportunities that hinder or help growth within these tourism industry segments.

ISSUES:

1. There is no comprehensive resource for the general public or boaters specifically to get information on the numerous water based activities, services and opportunities on all of Maryland's waters, from the Atlantic Ocean to Deep Creek Lake.
2. The current statute that limits a vessel duly registered in another jurisdiction to a maximum of 90 cumulative days cruising on Maryland waters in a calendar year is a deterrent for cruising boats to stay longer and consequently spend more money while cruising or while a vessel is being serviced or repaired. After 90 days, the vessel may be subject to Maryland's 5% Vessel Excise Tax.

ISSUE 1 – Develop and promote a comprehensive business-to-consumer oriented website detailing the recreational possibilities, by geographic region, available on Maryland waters.

SUBCOMMITTEE RECOMMENDATIONS:

Develop a comprehensive online database to offer both novice and experienced boaters information on the variety of recreational opportunities available in Maryland (fishing, cruising, chartering, racing, etc.) and to assist boaters in locating related services and destination information.

The Marine Trades Association of Maryland (MTAM) has taken on this project through a cooperative effort with Vantage Strategy Consulting Group to plan, develop, market and maintain a business-to-consumer website to fulfill the needs of this recommendation.

While the planning of the website is still in its infancy, MTAM is using the findings of the subcommittee as a basis for the site development. Our recommendations are detailed below but may not reflect the actual outcome of the site. In brief, the site will be a statewide compendium of marinas, public and private boat ramps, fishing charters, sail and powerboat charters, sea and river kayaking, small boat rentals, fishing and boating regulations, suggested cruising itineraries, boat/engine repair services and destination information such as attractions, shopping, restaurants, etc.

The Marine Trades Association's plan is to develop the website as a commercial venture and to devise ways of highlighting and offering value added promotions and services to their members and other interested parties.

The State of Maryland should also consider incorporating MTAM's facility data into the "iMap" statewide coordinated base map. This is an initiative currently underway by the State to create a comprehensive geographic information system (GIS) base map that will contain include marine based industry information.

WEB SITE MAP - Drafted by Subcommittee for Marketing (**Appendix X)**

SUGGESTED CONTENT AND POTENTIAL SOURCES OF INFORMATION

Marinas – DNR, Atlantic Cruising Club/Jerawyn Publishing (Data lease)
Fishing Charters – DNR, Charter Fishing Boat Association, Direct Marketing Officers (DMO's)
Ramps (public and private) – DNR, DMO's
Sail and Power Boat Charters –Chesapeake Charter Boat Association, DMO's
Sea and River Kayaking – Maryland Outfitters Association, DMO's DNR
Small Boat Rentals – DMO's
Fishing Regulations (Fresh and Saltwater) - DNR
Destination information - Maryland Destination Marketing Organizations

THOUGHTS AND SUGGESTIONS FOR THE DEVELOPMENT PROCESS

Establish contractual agreements with vendors to confirm that they are insured.
Establish process for customer feedback.
Hosting by Marine Trades Association of Maryland.
Legal review to hold the website and its hosting agency harmless from errors and omissions, frivolous lawsuits, etc.
Create links with as many business and governmental and quasi-governmental entities to enhance search engine optimization results.

BUDGET:

Development Phase:

The members of this subcommittee estimate the building of such a site to be in the $75,000-$100,000 range with an ongoing annual maintenance and content management fee in the $35,000 to $60,000 range, as suggested by the Marine Trades Association of Maryland.

MARKETING:

A detailed marketing plan to promote the website would need to be developed. Once the website is fully functional, additional marketing efforts (See Marketing Activities below for additional detail) could cost up to $120,000 per year. A Recreational Boating Marketing Committee comprised of representatives from the Office of Tourism Development, Department of Natural Resources and the Marine Trades Association, would be formed to oversee and direct any available funding and its resulting promotional activities.

POTENTIAL FUNDING SOURCES:

The committee feels strongly that a commercially oriented website offering advertising, micro site links, sponsorship promotion and other pay-to-play opportunities will enable this site to reach its best potential. Potential advertising/sponsor partners might include:

Retailers
- West Marine
- Bass Pro
- Tackle shops, other boating supply stores

Industry associations such as:
- Charter Boat Fishing Association,
- Outdoor Outfitters Association
- Marine Trades Association of Maryland
- Maryland Charter Vessel Association
- Maryland Sportsman's Association
- Maryland Association of Destination Marketing Organizations

Government/Foundation grant sources
- Chesapeake Bay Gateways Network
- Federal Government - Representative Sarbanes – per conversation with Connie DelSignore

POTENTIAL MARKETING ACTIVITIES
(Dependent upon staff resources and funding)

- Public Relations
  - Host familiarization tours for journalists who cover fishing, power boat and sailboat cruising,

    - Press releases to nautical publications, both consumer and trade, promoting the website,
        - DNR – flyer/insert in boating license renewals
        - Email to list if available
    - Establish cooperative links to the website with cruising guides, fishing publications,
    - Market Maryland to potential maritime businesses at IBEX and other trade shows, and
    - Develop VIP tours for manufacturers attending the United States Boat Show.

- Establish industry partnerships to promote, support and/or sponsor the website.
    - Boat US/West Marine, Charter Boat Association (MD)
    - Maryland Association of Destination Marketing Organizations
    - Maryland Office of Tourism Development
    - Dept of Natural Resources
    - National Fisheries Association
    - National Marine Manufacturers Association
- Consumer/Trade Awareness
    - Participate in consumer boat/fishing shows (Florida, Newport, Annapolis , Baltimore, Washington, etc.).
    - Have representation at Boating/fishing industry trade shows.

- Utilization of various social networking opportunities if funding, staff and expertise are available (blogs, Myspace, boating networks, fishing networks, etc.)

- Research.
    - Use a "Survey Monkey" style research tool to determine website usefulness and limited research on boating habits/usage/expenditures.
    - Investigate with boating publications what type of behavioral/expenditure information they might have available
    - Consider a "survey board" similar to one established by the University of Michigan to help determine trends in boat usage etc.

- Measurements
    - Web unique visitors and page views
    - Cooperative links
    - Advertising by private sector
    - Vendor discount coupon count
    - Online Survey for boaters
    - Changes in boating expenditures at partnering marinas
    - Commercial transactions (if any)

FISCAL COMMENT FOR ISSUE 1– Department of Business and Economic Development, Office of Tourism Development (OTD)

Due to current and projected fiscal shortfalls, OTD is unable to commit any financial resources to support the promotion of the Marine Trades Association of Maryland boating website. However, OTD will provide links to and from visitmaryland.org and may, upon request and staff availability, be able to provide further technical assistance.

If funding for recommended Task Force marketing activities were to become available, OTD would work with MTAM, DNR and other partners to develop and implement a coordinated marketing initiative.

ISSUE 2 – Limitation of time spent on Maryland waters for recreational or service purposes.

The current statute that limits a vessel duly registered in another jurisdiction to a maximum of 90 cumulative days cruising on Maryland waters in a calendar year is a deterrent for cruising boats to stay longer and consequently spend more money while cruising or while a vessel is being serviced or repaired. After 90 days, the vessel may be subject to the 5% Maryland vessel excise tax.

This time limitation is viewed by the committee as a potential deterrent to marketing Maryland as a destination for boaters.

SUBCOMMITTEE RECOMMENDATION

The Subcommittee recommends that no action be taken to change the current length of stay limitation for vessels on Maryland waters. However, the committee recommends that DNR continue to work with the marine industry to look for ways to increase the time that boats not currently registered in Maryland spend in our State without having a negative impact on the Waterway Improvement Fund.

The Committee feels that if vessels could stay longer on Maryland waters they would generate additional spending in marinas and destinations and, consequently, revenue for the State. However, we acknowledge DNR's points (see below) that the length of stay permitted in Maryland is above the regional average and covers a significant part of the boating season; the vessel excise taxes collected by DNR go directly to the Waterway Improvement Fund, which supports the very services that boaters use to enjoy Maryland waters and that provisions can be made for vessels to undergo major repairs that extend beyond the 90 day limit.

FISCAL COMMENT FOR ISSUE 2 - Department of Natural Resources (DNR)

DNR does not support extending the time limit from 90 to 120 days. According to the most recent edition of National Vessel Numbering & Titling Manual issued by the National Association of State Boating Law Administrators, New Jersey is the only Atlantic Coast state that allows a vessel duly registered elsewhere to remain in its waters for more than 90 days without tax implications (NJ allows 180 consecutive days). With a 90 day cumulative period, Maryland is already among the most lenient states on the Atlantic Coast (see below). Maryland allows longer stays if a vessel requires actual repairs.

30 days -- District of Columbia, New Hampshire
60 days -- Connecticut, Delaware, Georgia, Maine, Massachusetts, Pennsylvania,
90 days -- Florida, Maryland, New York, North Carolina, Rhode Island, Virginia, South Carolina

The 90 day time frame was established to allow boaters to stay for a significant portion of the boating season in Maryland without having to pay the state's vessel excise tax (VET). If the time period were to be extended to 120 days, then for all practical purposes, any vessel could remain in Maryland for the majority of the boating season without having to pay the VET. This could have a profound negative impact on VET revenue collected by DNR, and therefore on the funding of the Waterway Improvement Fund.

The potential impact to VET revenues of extending the time limit from 90 to 120 days is significant. In 2007, DNR collected $27.1 million in VET. Of these vessels, the vast majority are trailered boats. In the case of vessels over 40 feet in length, DNR collected $7.78 million, of which $2.77 million (36%) was from vessel owners with an out-of-state address of record. Assuming the Maryland boating industry publicizes an extended time limit in Maryland, DNR anticipates that the fiscal impact in reduced VET will initially be $2.0 – $4.0 million annually with higher amounts in the out years as word spreads that a boater could use a vessel in Maryland for the majority of the boating season without having to pay the VET. Such a reduction in the VET to the Waterway Improvement Fund revenue would significantly reduce the ability of DNR to support public boating access and boating safety related activities for the boating public. As such, DNR does not support extending the time limit from 90 to 120 days.

Increased boater spending of $46 million subject to the 6% sales tax would be required to replace the $2.77 million collected in 2007 on vessels 40 feet and larger. However, it is not anticipated that any of these additional General Fund revenues will be directed to the Waterway Improvement Fund. As such, there may be an increase in sales tax to Maryland, but a reduction in revenues to the Waterway Improvement Fund which directly benefits boaters. The result is that less revenue will be available to support marine infrastructure projects for resident boaters as well as visiting boaters wanting to remain for longer periods of time in Maryland.

The boating industry contends that if boats are allowed to stay more than 90 days in Maryland without having to pay the VET that they will expend additional funds for boating related services which could result in more sales tax revenues in Maryland. The 2005 Transient Boating in Maryland Economic Impact Study done by the Maryland Sea Grant Extension Program showed that if just 31% of the transient boaters already coming to Maryland extended their stay by 1.9 months or longer that they would spend an additional $32.5 million, creating an additional $29.2 million in economic output and another 484 full-time jobs in the state.

In Florida, the law says that a boat that remains in Florida for more than 90 consecutive days or more than 183 days in a one-year period is presumed taxable unless it qualifies for another exemption. The Florida Use tax is not due on boats brought to Florida if all of the following conditions are met: 1) that the owner has owned the boat 6 months or longer, 2) that the purchaser has shown no intent to use the boat in Florida at or before the time of purchase, and 3) the boat has been used 6 months or longer within the taxing jurisdiction of another state, U.S. Territory, or the District of Columbia. Time spent in foreign waters does not count as part of the 6-month period.

South Carolina is moving to change their law to extend the tax-free time in their state from 90 to 180 days. They cite that it "hurts them tourist-wise… and that it had a trickle down effect on the local economies". Further that they felt that the 90-day timeframe affected local tax revenues because transient boaters simply moved their vessels out of state.

It should be noted that South Carolina does not rely on taxes from boat sales as their source of funding for developing and maintaining their public boating infrastructure. They receive approximately $2.5 million in motor fuel tax annually and rely heavily on federal Sport Fish Restoration Funding to support their boating program. As such, the impact of extending the time for visiting boats will have little impact on their ability to maintain their marine infrastructure. In contrast, DNR no longer receives motor fuel tax funding (eliminated during the 2007 Special Legislative Session) and also uses similar federal funding, in conjunction with the state vessel excise tax. Maryland has a higher demand for funding since our state requires more extensive channel dredging, boating safety and public boating facility development than South Carolina.

II. ENCOURAGING THE EXPANSION OF THE MARINE INDUSTRY IN MARYLAND SUBCOMMITTEE

SUBCOMMITTEE MEMBERS:

Susan Zellers, Marine Trades Association of Maryland (Chair)
Jeff Truesdale, Clarks Landing Marina and Boat Sales

John McKay, Maryland Department of the Environment
Roger Satin, Maryland Department of Business and Economic Development
Kay Brawley, Chesapeake Bay Yacht Club Association
Bob Gaudette, Maryland Department of Natural Resources

SUBCOMMITTEE GOALS - Target ways to attract boat manufacturers, explore incentives to increase the number of marine businesses, identify ways to increase the number of registered boats and increase the sale of boats, better understand the regulatory permit process and how it impacts the trades, and document competing state laws/regulations/tax enforcement policies as a means to extend the stay for visiting boaters for boat repair/storage facilities and brokers.

ISSUES:

1. Regulation and management. Explore the regulatory permit and review process for its impact on the boating industry, ways to expand the Clean Marina Program, and create incentives for the industry that could expand this Program.
2. Public education. Examine ways to encourage/attract new boaters through education.
3. Economic development, government programs and incentives. Explore how Maryland can encourage existing marine businesses to grow, evaluate how other states attract marine business and boat manufacturing, and how state/local governments can provide incentives to support and attract marine industries.
4. Workforce training. Determine what the state and local governments can do to support workforce training in Maryland for the boating industry.
5. Extending the stay of the visiting boater. Explore previous legislation that enhanced the Maryland boating industry and examine principal use and its impact on transient boaters.
6. Marine fuel prices. Examine if there are any creative ways to combat rising fuel costs on boating.

ISSUE 1 - Regulation and Management

The Maryland boating industry has a concern that the current regulatory system hinders the growth of the industry. The industry also recognizes that it's important that ecological sustainability is achieved while allowing the industry to grow.

Any project that involves the development or expansion of a marina or waterfront business requires a State Wetlands License if the work will impact tidal waters of the state. The Maryland Department of the Environment (MDE) is responsible for making recommendations to the Maryland Board of Public Works regarding proposed State Wetlands Licenses. A permit is also required from the U.S. Army Corps of Engineers for such projects. In many cases, local permits/approvals are also required.

The industry believes that the existing regulatory process to obtain such permits is confusing, time consuming, and too cumbersome for the average marine business

owner/manager. As a result, the subcommittee invited Mr. Rick Ayella, Director of the Tidal Wetlands Division at MDE to meet with the members of the Task Force to discuss their concerns regarding the permit process and how they can assist the industry to make it more manageable.

Mr. Ayella reviewed the permit process with the members of the Task Force and addressed questions pertaining to new legislation regarding a new emphasis on living shorelines as opposed to the traditional use of bulkheads and stone revetments for shoreline protection. He also pointed out that MDE would take into consideration the use of a marina facility in their recommendations regarding the potential use of living shorelines and that he recognized that this type of shoreline protection may not be compatible with most marina operations. In addition, Mr. Ayella indicated that MDE would work on providing the Task Force with an updated guide book as a means to assist the boating industry in better understanding the permit process. He also informed the Task Force that most reputable architectural/engineering (A/E) firms were familiar with existing federal, state, and local requirements for the regulatory agencies and that the industry should consider acquiring professional services from an A/E for larger/more extensive projects.

The subcommittee also discussed issues that the boating industry has with the Maryland Critical Areas Commission (CAC) including the restrictions that they impose on the expansion and development of marinas. It was felt that the industry was not represented on the Commission and that the Task Force should recommend that the Commission's membership be expanded to include a member from the boating industry.

Other concerns with the CAC pertained to new legislation that passed during the 2008 legislative session (HB 1253) that provided the CAC with additional regulatory authority. Members of the subcommittee met with Mr. Ren Serey, Executive Director of the Critical Areas Commission, to discuss the boating industry's concerns with the newly proposed legislation. Mr. Serey provided a detailed overview of the new legislation with those in attendance and assured the industry that the new legislation would not significantly impact marinas beyond what was previously in the law. He also provided suggestions on how the industry can work with local governments to enhance their ability to develop.

One such example is taken from the Maryland Code, Natural Resources Article Section 8-1808.6, (Credits to applicants who minimize adverse impact). This section applies to applicants seeking project approval of a new or expanded marina and states, "A local jurisdiction shall provide credit to an applicant if an applicant takes quantifiable actions, before the initiation of the development of a new or expanded marina, to minimize adverse impacts on water quality that may result from the completion of the development of the marina." **(Appendix XI)**. It was discussed that DNR's Clean Marina Program could qualify under this statute as minimizing adverse impacts. The Critical Areas Commission and DNR should collaborate to inform local jurisdictions of this possibility.

DNR's Clean Marina Program offers marina and boatyard operators, and recreational boaters the opportunity to participate in efforts to protect Maryland's natural resources. This voluntary program recognizes and promotes marinas, boatyards and yacht clubs of

any size that meet legal requirements and voluntarily adopt pollution prevention practices. To date, DNR has certified 133 of Maryland's estimated 600 marinas as Clean Marinas. The program was developed as an alternative to additional regulations on the marina industry and all marinas and boatyards are encouraged to participate. Boaters are encouraged to patronize certified Clean Marinas and to adopt clean boating habits.

Concerning the potential incentives that could assist the industry and promote stewardship for Maryland's waterways, the subcommittee reviewed legislation proposed by the State of New Jersey in 2007 that would give marinas a 10% tax credit against their state gross income if they meet the guidelines of New Jersey's certified clean marina program. This legislation will be reintroduced during the upcoming legislative session in New Jersey **(Appendix XII).**

The Task Force also discussed the formation of an Advisory Group with MDE for permit related issues and that a version of the updated guide book referenced by Mr. Ayella be tailored towards the maritime industry. In addition, the Task Force felt that a "maritime industry specialist" be designated at MDE as a "go to" person for the boating industry.

SUBCOMMITTEE RECOMMENDATIONS:

REDEVELOP THE GUIDE TO LOCAL, STATE AND CORPS PERMIT PROCESS

- Maryland Department of the Environment responded by developing the "2008 Guide to Environmental Permits and Approvals"
  - The subcommittee recommends producing a cover that has a picture of a maritime use, developing a cover letter directed at the marine industry and either mailing the book to the MTAM membership or otherwise advertising the availability of the book to the marine industry.
  - The subcommittee recommends providing an electronic copy of the Guide to be linked to the MTAM website.
  - Recommend that Task Force contact MDE suggesting that a "maritime industry specialist" be designated for state permits as a "go to person" for the boating industry
- Establish an Advisory Board at MDE and the Critical Areas Commission for issues pertaining to the maritime industry.
  - The subcommittee recommended that a marine industry representative be included in the membership of the Critical Areas Commission (CAC), or that some portion of the membership have an understanding of the industry or that the industry assign a person to monitor the Critical Areas Commission meetings.
  - Subsequent discussions between CAC and the Chairman concluded that CAC did not want to expand the membership of the Commission at this time. As a result, MTAM will monitor future CAC actions.
  - An MDE advisory group would be established to act as a resource by Mr. Ayella and his department for issues pertaining to the marine trades.

- Establish a 10% credit to State Gross Income tax for certified Clean Marinas
  - As referenced, Maryland Code, Natural Resources Article, Section 8-1808.6 (Credits to applicants who minimize adverse impact). The Task Force recommends that the 10% credit to State Gross Income Tax be codified.
- Consider the use of Waterway Improvement Funds to finance a portion of the Clean Marina Initiative.
  - Recommend that DNR draft legislation to amend the State Boat Act to provide matching fund grants for certain supplies and equipment in support of best management practices at privately owned Certified Clean Marinas.

ISSUE 2 - Public Education

The National "Grow Boating" campaign and the "Discover Boating" program are indicative of the industry's need to better compete for people's leisure time. By increasing the participation in boating we will ultimately improve the sale of boats. These national campaigns work by bringing more consumers to point of interest and then by constantly striving to improve the 'considering' and 'shopping' stages so that a purchase will result. Locally, the industry and government agencies can:

- Attach boating to efforts to clean up the boating environment, thereby correlating the dependency of this pastime with a clean environment.
- Explore ways of expanding the participation in the boating education courses already in place.
- Support and/or produce events that introduce people to boating.

<u>SUBCOMMITTEE RECOMMENDATIONS:</u>

<u>EXPAND BOATING EDUCATION INITIATIVES</u>

- Sponsor events that introduce boating to non-boaters.
  - New Jersey sponsors a 'Bring a Buddy Boating' week in a cooperative effort between their Natural Resources and their Marine Trades Association. The promotion encourages all boaters to 'bring a buddy' who has not been on the water before on to their boat for a day. Participants are entered into a raffle for a boat charter or other giveaways.
  - The subcommittee also discussed boat demo days at State Parks with boat ramps. The promotion would educate non-boaters on just how easy it is to use a boat.
- Sponsor Annual Waterway Cleanup effort in cooperation with the Marine Trades.
  - The subcommittee recommends that Bay cleanup efforts already in place should be promoted through our marine trades.
- Continue boater education courses and promotion of their value to the new boat owner.

- Maryland's Boater Education Courses should be promoted by the schools. Many Maryland Counties require 'drown-proofing' courses for all 5th graders. The subcommittee recommends promoting the Boater Education Courses at these drown-proofing events.
- Recommend that DNR continue including an insert in boat registration packets on being responsible stewards of the Bay by not throwing trash overboard, etc. and that DNR/MTAM/MDE partner in creating an "adopt a stream/river" program similar to the "adopt a road" program

ISSUE 3 - Economic Development, Government Programs and Incentives:

The industry is concerned that the Department of Economic Development does not currently have a division or specialist for the marine industry. The concern is that should an opportunity arise where Maryland is being considered as a destination for a large boat manufacturer to set up a plant, that the State is not prepared to compete with North Carolina, Virginia or other states for marine related businesses. Furthermore**,** while there is a weakness in our ability to react to marine related businesses, Maryland also does not proactively go after the marine industry as a solution for empty space nor do we set out to identify locations that could be developed as maritime uses.

Maryland has a number of government programs that provide opportunities and incentives for retention, expansion, and for new business. These economic development incentives should be applied to the marine industry. In addition, the federal government needs to recognize the recreational boating industry as a legitimate form of commerce.

With regard to federal funding, the U.S. Army Corps of Engineers is responsible for maintaining a large number of channels that benefit the Maryland boating industry. The Corps of Engineers primarily define commerce as "tons of catch", which is based on the historic measure used to help quantify the economic value associated with the fishing industry. Commerce needs to be re-defined to include the economic benefits of the marine industry/recreational boating in calculating the benefits associated with completing a federally funded project such as dredging harbors and channels and other associated improvements that would support marine industries in Maryland.

<u>SUBCOMMTTEE RECOMMENDATIONS:</u>

- Determine which incentives offer funding for creating and implementing redevelopment plans for marine industry expansion and repackage them for the marine industry. The committee stresses that this is not creating new incentives but target marketing the ones we have to the marine industry.
- Adapt economic development incentive packages for their use in the marine industry. Explore what is needed by the marine manufacturers that are currently in Maryland.
- Include 'Maritime' under 'Maryland's Industries on DBED website.
- Include 'Maritime' under 'Business in Maryland' pull down menu.

- Include 'Maritime' under Eligible Business Activities under Job Creation Tax Credit.
- Develop a 'Business Assistance Model' similar to what can be seen in North Carolina on the NC Waterways website. Develop a model for Marina & Boatyards, Boat Builders, Marine Construction and General Marine Businesses.
- Identify specific properties/sites with potential for marine industry expansion. Include the use of GIS analysis to identify sites.
- Recommend inserting the marine industry into one of the sectors established by the Governor's Workforce Investment Board (GWIB). Of the 10 sectors, the 'transportation' sector may be the most appropriate place to include the marine industry.
- Coordinate listing marine industry jobs with the Maryland One-Stop Career Centers.
- Contact the Maryland Congressional Delegation and request that they pursue federal legislation that will recognize the marina/marine industry as a legitimate form of commerce as a means to support navigation projects with the U.S. Army Corps of Engineers.
- DBED should identify water dependent sites for marine businesses and identify through their existing data base and in cooperation with local jurisdictions, potential marinas and manufacturing sites.
- Contact DBED requesting implementation of the Task Force recommendations.

ISSUE 4 - Workforce Training

The subcommittee is concerned that if we are successful at attracting boat manufacturers to locate in Maryland that we may not have the corresponding workforce. During the testimony for forming this Task Force, we heard from an owner of a company located in Maryland but manufacturers his boat line in North Carolina. He cited several reasons, one of them being that the workforce was readily available and less expensive in North Carolina.

Currently in Maryland, the majority of the marine industry workforce is employed by marinas, boatyards or in boat sales. Training for jobs in marinas or in boat sales is virtually non-existent in Maryland at this time. For the most part, training is done on-the-job.

<u>COMMITTEE RECOMMENDATIONS:</u>

- Work to raise the visibility of marine industry careers in Maryland. Recommend a further assessment of the industry for what jobs are available.
- Recommend that the new Marine Trades Association website, MarylandBoaters.com, eventually include a job bank or related website for job opportunities.
- Recommend that the marine trades coordinate with the Department of Labor Licensing and Regulation to promote the Maryland One-Stop Career Centers.
- Recommend that GWIB include maritime industries.

- Contact DLLR to request that they implement Task Force recommendations regarding workforce training for maritime businesses.

ISSUE 5 - Extending the Stay of the Visiting Boater

Develop strategies to encourage recreational boating from boaters from other states, and lengthening the time and money they spend in Maryland. Evaluate current laws to make sure that Maryland can welcome the out-of-state boater.

SUBCOMMITTEE RECOMMENDATIONS:

- Recommend that the definition of "principal use" used in Maryland for tax purposes for vessels be simplified to make it more easily understood and determinable by the boating industry and general public. The current definition: *"State of principal use" means the jurisdiction on whose waters a vessel is used or to be used most during a calendar year*.
- In 2002, legislation (HB 1190) was passed that established a vessel excise tax exemption for vessels undergoing maintenance and repair. Recommend that vessels in this status be allowed to also be utilized for recreation purposes on a limited basis. (Example: a boat can still be sailed during the redecking process.)
- HB 1190 also provided an exemption for vessels held for resale. Recommend allowing boats currently in the resale market to be used while being listed for sale. A "pass" could also be developed for such use. It may be in the form of an affidavit signed by the boat owner and brokerage attesting to the active and continuing nature of the effort to sell the vessel.
- Recommend that tax collection policies in Maryland be evaluated to determine their potential impact on transient boaters. It is estimated that $203 million is spent annually by the visiting boater. As a matter of policy, it should be determined if the $459,000 spent to collect $1.75 million in vessel excise tax (VET) is worth jeopardizing this spending **(Appendix IV**). As the agency responsible for collecting the VET, DNR believes that it has an obligation to collect taxes from those boaters who are circumventing Maryland's excise tax laws. DNR also contends that it fairly conducts tax investigations where applicable. Nonetheless, the Marine Industry feels that spending by transient boaters may actually increase without the enforcement efforts, which at times includes issuing subpoenas to marinas in target areas to obtain the records of slip holders using their facilities. This process is seen as a hardship to the marinas, detrimental to visiting boaters and can discourage other boaters from visiting Maryland.
- Recommend that the location of ramps and access points both public and commercial are promoted in order that we may encourage more trailered boats to recreate in Maryland which may lead to more boats choosing to register in Maryland.
- Recommend a trial change in the allowable stay. The current law allows for a visiting boater to stay 90 days in Maryland waters without registering and paying the State excise tax. The committee recommends amending to better reflect the

length of the boating season; for example, May through September. The committee recommends taking a first step by expanding the allowable stay to 120 days. DNR has indicated that there will be a $2-$4 million negative fiscal impact to the Waterway Improvement Fund as indicated in the Marketing Subcommittee report, who also recommended against extending the time period. This subcommittee believes that extending the allowable stay will not have the negative impact represented by DNR and supports extending the stay for a trial period with careful monitoring and measuring of the economic impact to both the State and the trades. It is critical that whatever the length of stay is, that it should be marketed clearly and extensively.

- Recommend that Maryland consider whether property ownership in Maryland be the trigger for applying the excise tax on boats that arrive in Maryland from another state. For example, in Florida, use tax is due immediately upon importation into Florida when: 1) the boat is owned by a Florida resident or 2) when the boat is owned by a corporation and used by a corporate officer or director who is a Florida resident or who owns, controls or manages a dwelling in Florida. DNR has indicated that such an action will reduce revenues to the Waterway Improvement Fund and would lower the number of registered boats in Maryland and contends that this could result in the Maryland tax payer having to carry most if not all of the cost of maintaining and improving Maryland's waterways.
- Recommend that the Department of Legislative Services (DLS) complete an analysis by July 1, 2009, to include a comparison of other states along the Atlantic Coast regarding the length of stay for boaters before having to pay vessel sales/excise tax, registration fees, what boats have to be registered and any other applicable fees/taxes. Analysis should include information on these state's vessel tax enforcement practices such as who conducts enforcement activities, how are offenders identified, what are the penalties for later/unpaid taxes and where are the funds deposited? Analysis should also include an evaluation of what potential funding alternatives, or any combination(s) thereof, can be established that would provide sufficient/reliable revenues to the Waterway Improvement Fund to meet the statutory mandates of DNR while at the same time allowing for an extended stay for visiting boaters in Maryland through using a new graduated boat registration fee schedule, personal property tax, lower vessel excise tax, use of state motor fuel tax, establishing a cruising permit, imposing a tax cap and/or using other fund sources deemed appropriate by DLS.

ISSUE 6 - Fuel Prices

Marine fuel facilities for the most part have a much higher retail price for fuel than gas station used by cars. There are two reasons for this: 1) the volume of fuel sold does not qualify for the same discounts that gas stations can qualify for and 2) the marine fuel facility requires attended pumps therefore requiring the facility to cover that cost in fuel cost.

Task Force discussed that the state motor fuel tax on marine fuel sales should be directed to the Waterway Improvement Fund. DNR indicated that the Department used to receive 0.3% of the State motor fuel tax, but this credit to the Fund was eliminated during the 2007 Special Legislative Session and substituted with General Funds, which are currently problematic.

SUBCOMMITTEE RECOMMENDATIONS:

- Cooperative fuel buying may be helpful in some areas.
- The committee recommends that fuel sold to marine facilities not include the tax that goes into the Transportation Trust Fund as that fuel is not being used by vehicles that impact state roads.
- Support legislation to reduce the motor fuel tax at marine fuel facilities in the future.
- Contact DLS and request that they complete an analysis of motor fuel usage from vessels and determine possible contribution alternatives to the Waterway Improvement Fund.

III. WATER ACCESS SUBCOMMITTEE

SUBCOMMITTEE MEMBERS

Jay Dayton, Avon Dixon Agency (Chair)
Steuart Chaney, Herrington Harbour Marinas
Debbie Gosselin, Watermark Cruises
Frank Dawson, Maryland Department of Natural Resources
Susan Zellers, Marine Trades Association of Maryland

GOALS: To preserve access to the water for the recreational maritime industry.

Access can be categorized as rural, suburban, and urban. Rural issues include declines in access for the commercial fishing sector and traditional communities as housing needs spread to previously undeveloped areas. Suburban issues include lack of access for commercial fishing, as well as pressure on recreational access points and infrastructure, beaches, and boating facilities. In urban areas, these same pressures are felt along with industrial access issues, such as shipping, channel dredging, residential construction, and infrastructure maintenance.

We acknowledge that the "Maryland Working Waterfronts Commission" is addressing the access to the water for commercial fishing industry and that this Task Force will address the recreational maritime industry in Maryland.

ISSUES:

1. Define "no net loss" and "working waterfront" within the Maryland CODE.
2. Structure tax credits and create maritime easements for marine businesses.

3. Promote development of additional boat ramps.
4. Increase boat registration fees, broaden the types of vessels required to register in Maryland and create a single boat launch permit for publicly owned state funded boat ramps/landings.

ISSUE 1: Define 'no net loss' and 'working waterfront' within the Maryland CODE.

A "no net loss" policy can be defined as a principle by which counties, agencies, and governments strive to balance unavoidable habitat, environmental and resource losses with replacement of those items so that further reductions to resources may be prevented. Another definition is: A concept whereby conservation losses in one geographically or otherwise defined area are balanced by a gain elsewhere. "No net loss" policies have become important tools in protection of the environment and for protecting the public's access to the environment.

SUBCOMMITTEE RECOMMENDATIONS:

- Apply "no net loss" policies to working and recreational waterfronts. By implementing these policies, communities can preserve public access to docks, slips, boat ramp parking areas, and boatyards.

  "No net loss" policies can be adopted as amendments to comprehensive plans, land development regulations or as administrative policies in communities. After adopting a "no net loss" policy with regard to working and recreational waterfronts, the most common way to apply the policy is by using a one-to-one ratio. For example: within maritime service areas any marina owners who sell to residential developers have to establish new comparable sites within that county.

- In order to allow the Counties and the City of Baltimore to grant a tax credit against the county or municipal property tax, the task force recommends broadening the definition of "commercial waterfront property" in Section 9-249 of the Tax-Property Article of the Code to include "facilities that require direct access to, or location in marine waters, which cannot be located inland, including, public marinas, public boat ramps, boat hauling and repair facilities, waterfront recreational facilities, commercial fishing facilities and boating facilities". Also, the statute will need to be significantly amended to reflect "commercial maritime industries" and "recreational vessels" in addition to "commercial fish operations" and "commercial fishing vessels" **(Appendix XIII).**

- Develop through the Maryland Department of Planning (MDP) legislation providing that, "a governmental entity that removes a working waterfront facility for any development and thereby limits public access to the working waterfront must replace the facility within its jurisdiction. The replacement facility must be substantially the same, provide similar access to navigable waterways, and be available for use when the existing working waterfront facility is removed." Similar "no net loss" policies have been used for preservation of wetlands and

public hunting lands. As an alternative, MDP could develop legislation providing that, "All local governments must include strategies that will be used to preserve the recreational and commercial working waterfronts".

ISSUE 2: Structure tax credits and create maritime easements for marine businesses.

The committee explored the use of tax credits and tax deferrals as a means to help support and grow marine related businesses. Specifically, the committee studied a tax deferral program that Florida considered with House Bill 955 in 2005. They also studied the concept of selling the development rights to a governmental (city or county) or non-profit entity, thereby substantially reducing the property tax burden. Finally, Conservation easements were studied. Creating a Conservation Easement for land used for "outdoor recreation or park purposes". This would allow property owners to contract with public agencies or charitable corporations to restrict the use of property for a variety of purposes, to include "boating" that is open to the general public for a term of years.

The committee recognized the Town of Ocean City for including in their town's comprehensive plan incentives of density, height or parking bonuses for the development of new public marinas or the expansion of existing ones.

By broadening the definition of "commercial waterfront property" as recommended above in ISSUE 1, the committee is putting in place the enabling legislation for tax credits for other maritime uses.

ISSUE 3: Promote development of additional public boat ramps.

The majority of Maryland's 200,000 registered boats are comprised of trailered boats. Many out-of-state boaters visiting Maryland also have trailered boats. The boating industry would like to explore how DNR can expand the development of additional public boat ramps as a means to support this segment of the boating public.

The Waterway Improvement Fund at DNR is currently used to develop and maintain publicly owned boating facilities including boat ramps, boat slips, transient boat dockage, and completing local navigation projects. The Boating Services Unit at DNR also coordinates the use of federal funds for public boating access ramps and transient boating facilities that are financed by the U.S. Fish & Wildlife Service, Sport Fish Restoration Fund. Program Open Space funds can be used to acquire lands for additional public water access sites.

A major initiative currently underway at DNR is completing a gap analysis study in cooperation with the National Park Service in support of the new Captain John Smith Chesapeake National Historic Trail. This study will be used to identify new public boating access sites that can be acquired/developed as a means to provide improved access to the proposed trail which is located throughout a good portion of the Chesapeake Bay.

SUBCOMMITTEE RECOMMENDATIONS:

- Recommend supporting existing federal, state, and local programs that develop and maintain public waterfront access and access amenities such as parks, boat ramps, and transient boat dockage, and acquiring land for additional municipal marine facilities.

- Recommend legislation to create a redevelopment credit for any commercial boating facility willing to provide a boat ramp and parking area open to the general boating public as a means to expand the number of boating access facilities statewide.

- Recommended that DNR and local governments make an effort to provide sufficient parking at publicly owned boating facilities

ISSUE 4: Work with DNR to increase boat registration fees, broaden the types of vessels required to register and create a single boat launch permit for publicly owned state funded boat ramps/landings.

Boat registration fees have not been increased by DNR since the 1980's. The revenues from these fees are directed to the State Boat Act Fund and are used by DNR for a variety of purposes including supporting the Natural Resources Police (NRP). The Task Force on Fisheries Management sent at letter to the Chairman requesting that the Boating Industry Task Force consider supporting a recommendation to increase boat registration fees as a means to generate additional revenues for NRP to replace critical equipment used to support boating safety, seafood harvesting, marine homeland security, and search and rescue related activities.

The existing biennial fee to register boats in Maryland is $24. DNR proposed legislation in 2007 (HB 1159) to amend several fees including increasing the existing boat registration fee to $100. However, DNR withdrew this legislation after MTAM indicated that they would oppose such a dramatic fee increase. DNR would now like to create a tiered fee system based on the length of the vessel being registered. This graduated boat registration fee structure is consistent with eleven of the fifteen states along the Atlantic coast.

With regard to broadening the types of vessels to be registered, DNR currently requires that all motorized vessels be registered. However, non-powered vessels such as kayaks and canoes are currently not required to be registered in Maryland.

The use of paddle boats is becoming increasingly popular nationally as well as within Maryland. This has resulted in more requests to DNR for new public boating access sites that support this segment of the boating public. Since paddle boats are not currently registered nor pay the Maryland vessel excise tax, they do not provide any funding towards boating safety or contribute any revenues to the Waterway Improvement Fund. DNR has indicated that they would be interested in pursuing registering all non-powered vessels including kayaks, canoes, and non-powered sailboats and capturing the vessel excise tax for these boats for the Waterway Improvement Fund.

Another advantage of registering all non-powered vessels is that it will increase the amount of federal funding that DNR can obtain from the U.S. Coast Guard for boating safety. The Natural Resources Police receive federal funding from the U.S. Coast Guard (under the Department of Homeland Security) in support of Maryland's Recreational Boating Safety Programs. The money is used for boating safety education, enforcement of recreational boating laws and regulations and search and rescue activities. The actual amount of federal funds awarded to Maryland each year is based on a three part formula: 1/3 is based on the number of registered vessels in Maryland compared to the number of vessels registered nationally; 1/3 is based on the amount of State funding spent by Maryland in the previous year compared to what is spent by all states in support of recreational boating safety; and 1/3 is an equal share to all states.

If Maryland were to require kayaks, canoes, and other non-powered vessels to be registered, it would increase the total funds received by raising the boat registration portion of federal funding provided to DNR by the U.S. Coast Guard. Maryland's FY09 award is currently estimated at $4.5 million, of which $586,334 is based on the number of vessels registered in Maryland as of December 2007. In addition, DNR would have to eliminate the current no fee decal for non-powered boats.

It is anticipated that the American Canoe Association (ACA) as well as other local and regional boating organizations will oppose registering non-powered vessels based on information posted on their (ACA) website **(Appendix VII)**. It will be the intent of DNR to educate these organizations on the benefits of registering their boats in Maryland in that it will support boating safety initiatives and the development of new boating access sites for their membership and the general boating public.

With regard to boat ramp use fees, DNR approves any fees charged to use state funded boating facilities on public lands. This includes boat ramps and landings. Currently, nineteen (19) different counties/local municipalities charge a fee to use their public boat ramps/landings. The fees are used to manage and operate these facilities. Acquiring multiple use permits is a hardship on those boaters that use boat ramps in multiple jurisdictions. The intent would be for DNR to charge a fee for a statewide boat ramp/landing permit, the revenues of which will be redistributed back to the jurisdiction responsible for managing the boating facility (less administrative cost to implement program), in accordance with a formula developed by DNR.

SUBCOMMITTEE RECOMMENDATIONS:

- Recommend that DNR prepare legislation to develop a new graduated boat registration fee structure based on vessel length, that these fees be reviewed by the State Boat Act Advisory and/or the Boat Dealer Advisory Committee through their existing public process, that the Committee provide a recommendation to the Secretary of DNR, and that these funds be used primarily to support the Natural Resources Police and potentially the Waterway Improvement Fund.

- Contact DLS and request that they complete an assessment of a graduated fee schedule for boat registration fees.

- Recommend that DNR prepare legislation to register all non-powered boats and for the Comptroller's Office to convert the sales tax on these vessels to a vessel excise tax to be directed to the Waterway Improvement Fund.

- Recommend that DNR explore establishing a single boating use permit for all publicly owned state funded boat ramps and landings in Maryland. It is further recommended that this process be completed in cooperation with the State Boat Act Advisory Committee in the form of a recommendation to the Secretary of DNR with the fees to be established in regulation.

FINAL TASK FORCE RECOMMENDATIONS

(Task Force Recommendations Underlined)

I. Regulation and Management

A. Have MDE Develop a Guide to Local, State and U.S. Army Corps of Engineers Permits.

- **Recommend that a version of the new MDE "2008 Guide to Environmental Permits and Approvals" be tailored to the marine industry (i.e. maritime industry picture on cover, link to MTAM website, etc).**

- **Recommend that Task Force send a letter to the Secretary of MDE suggesting that a "maritime industry specialist" be designated for state permits as a "go to" person for the boating industry.**

- **Recommend creating an Advisory Group with MDE for permit related issues.**

B. Have the marine industry better represented on the Critical Areas Commission (CAC) and creating an Advisory Board with MDE as a means to ease requirements on marinas.

Recommend that MTAM monitor future CAC actions.

C. Establish a 10% State Gross Income tax credit for Certified Clean Marinas.

Recommend that a 10% tax credit for certified clean marinas not be pursued this legislative session, but that it be considered in the future once the economy improves.

D. Expand uses of Waterway Improvement Fund to finance implementing DNR Clean Marina Program (best management practices) at public and privately owned marine facilities.

Recommend that DNR draft legislation to amend the State Boat Act to allow funding for certain supplies and equipment in support of best management practices at privately owned Certified Clean Marinas.

II. Public Education

A. Establish/support programs to market boating to the non-boating Maryland resident.

- **Recommend that MTAM establish a "Bring a Buddy Boating" program similar to the "Reach the Beach" initiative.**

- **Recommend that the Maryland boating industry establish a boater education program in partnership with the State Department of**

Education and that boating education courses be promoted via already existing drown proofing classes for public school students as well as through local Parks and Recreation Programs.

B. Establish/support programs focusing on boaters cleaning up our waterways.

Recommend that DNR continue including an insert in boat registration packets on being responsible stewards of the Bay by not throwing trash overboard, etc. and that DNR/MTAM/MDE partner in creating an "adopt a stream/river" program similar to the "adopt a road" program.

C. Continue boater education courses and promotion of their value to the new boat owner.

Recommend that DNR/MTAM encourage boat dealers to hold classes at stores/dealerships, for DNR to distribute information on boating safety at "drown proofing" classes for children and for DNR/MTAM to organize events at State parks including partnering with Boys & Girls Clubs to take children and young adults on fishing/boating trips.

III. Government Programs and Incentives

A. Have DBED repackage incentives for the marine industry to expand and for attracting new marine businesses.

Recommend that DBED repackage existing promotional information for the marine industry, possibly in the form of a marine oriented booklet that could be sent to attract marine industries to Maryland to include list of State and local incentives offered to industries as well as local economic development contacts that can provide specific site information that would be attractive to water dependent industries.

B. Have DBED identify sites with potential for marine industry expansion (use GIS analysis to identify sites).

- **Recommend that DBED identify water dependent sites for marine businesses and identify through their existing data base and in cooperation with local jurisdictions potential marina and manufacturing sites and make it available via online or in the package III (A) referenced herein.**

- **Recommend that the Task Force send a letter to the Secretary of DBED requesting implementation of the Task Force recommendations with the exception of the tax credit referenced in final Task Force recommendations {Issue I (C) referenced herein}.**

C. Promote federal legislation that will recognize the marina/marine industry as a legitimate form of commerce as a means to support navigation projects with the U.S. Army Corps of Engineers.

Recommend that the Task Force send a letter to the Maryland Congressional Delegation requesting that they expand the definition of "commerce" to include marinas and tourism so that these benefits can be considered in the cost/benefit analysis for maintaining existing and completing new Corps of Engineers projects. Also recommend that DBED/DNR add this item to their annual Congressional legislative priorities. Combine with III "E" below.

D. Collaborate with DLLR, Maryland Works, and Workforce Investment Boards to prioritize marine businesses.

Recommend that the Maryland Works Program specify marine industries as one of their recognized businesses and that DLLR specify Marine industries specifically in Governor's Workforce Investment Board (GWIB).

E. Include the marine industry in the Workforce Investment Act of 1998 as a business in the Transportation Sector.

Recommend that a letter be sent to the Maryland Congressional Delegation to include maritime industry within Transportation section of the Workforce Investment Act.

IV. Workforce Training

A. Work to raise the visibility of marine industry careers in Maryland.
B. Increase visibility of marine industry careers to the workforce investment boards.

- **Recommend that the Maryland boating industry create a job bank for marine trades related positions (use MTAM as a possible conduit via new MTAM web site) and that the GWIB prepare an assessment of the current state of the marine industry and provide recommendations for potential training resources.**

- **Recommend that the Task Force send a letter to the Secretary of DLLR to support all recommendations included in the Task Force Report that pertain to this Department.**

V. Extending the Stay of the Visiting Boater

A. Work towards similar laws as our competitors in other states.
B. Increase cruising time for visiting boats from 90 days to 120 or 150 days.

C. Recommend cap for vessel excise tax.
D. Explore property ownership triggering vessel excise tax payments.
E. Effectiveness of tax collection efforts by DNR and the impact on visiting boaters.
F. Implement a test case/alternative to attract boaters to Maryland.

- **Recommend that legislation not be pursued at this time and that the marine trades industry/DNR continue to explore ways to maintain funding to DNR while also allowing visiting boaters to stay longer in Maryland.**

- **Recommend that the Maryland marine trades work with DNR to simplify the "principal use" definition pertaining to the state vessel excise tax.**

- **Recommend that the Task Force send a letter to the Department of Legislative Services (DLS), requesting an analysis by July 1, 2009, to include a comparison of other states along the Atlantic Coast regarding the length of stay for boaters before having to pay vessel sales/excise tax, registration fees, what boats have to be registered and any other applicable fees/taxes. Analysis should include information on these state's vessel tax enforcement practices such as who conducts enforcement activities, how are offenders identified, what are the penalties for later/unpaid taxes and where are the funds deposited? Analysis should also include an evaluation of what potential funding alternatives, or any combination(s) thereof, can be established that would provide sufficient/reliable revenues to the Waterway Improvement Fund to meet the statutory mandates of DNR while at the same time allowing for an extended stay for visiting boaters in Maryland through using a graduated boat registration fee schedule, personal property tax, lower vessel excise tax, use of state motor fuel tax, establishing a cruising permit, imposing a tax cap and/or using other fund sources deemed appropriate by DLS should be considered in this analysis.**

VI. Fuel Prices

Reduce the tax on fuel sold at marine fuel facilities by the amount that goes into the Transportation Trust Fund.

Does not recommend any new legislation at this time due to the poor economic climate but supports future legislation to reduce the motor fuel tax at marine fuel facilities in the future and have DLS complete an assessment of motor fuel usage from vessels and determine possible contribution alternatives to the Waterway Improvement Fund as part of the analysis

recommended in the Expansion Subcommittee, Issue V (Extending the Stay of the Visiting Boater).

VII. Water Access

A. Define 'no net loss' and 'working waterfront' within the Maryland CODE.

Recommend that legislation be introduced in the future that will broaden the definition of commercial waterfront property in Section 9-249 of the Tax-Property Article of the Code to include "facilities that require direct access to, or location in marine waters, which cannot be located inland, including, public marinas, public boat ramps, boat hauling and repair facilities, waterfront recreational facilities, commercial fishing facilities and boating facilities".

B. Structure tax credits and creation of maritime easements for marine businesses.

Recommend future legislation to create a "redevelopment credit" for having a public boat ramp at a privately owned boating facility.

C. Promote development of additional public boat ramps.

Recommend that DNR and local governments develop additional publicly owned boat ramps and make an effort to provide sufficient parking at publicly owned boating facilities.

D. Work with DNR to increase boat registration fees, broaden the types of vessels required to register and create a single boat launch permit for publicly owned state funded boat ramps/landings..

- **Recommend that DNR explore/pursue creating a single boating use permit for publicly owned, state funded boats ramps/landings in Maryland.**

- **Recommend future legislation to register non-powered vessels in Maryland and capture the sales tax from these vessels for the Waterway Improvement Fund.**

- **Recommend that a new graduated boat registration fee schedule be included in the proposed DLS analysis recommended herein for the Expansion Subcommittee, Issue 5 (Visiting Boater).**

VIII. Marketing

A. Develop comprehensive on-line web site showing recreational boating opportunities in Maryland.

Support MTAM's effort to create a new comprehensive website for all aspects of boating in Maryland. Site will be available to the general public and will include boat ramp locations, potential destinations, services available to boaters, etc. Task Force further recommends that DBED link to the proposed new MTAM website.

B. Develop a detailed marketing plan to promote boating in Maryland.

- **Recommend creating a Marketing Fund to promote boating in Maryland, the revenues of which should originate from the boating industry. The Task Force further recommends that DNR, MTAM, Tourism, and DBED confer on marketing strategies for the use of this Fund by the boating industry.**

- **Recommend that DNR explore incorporating MTAM's website data into the iMap statewide coordinated base map.**