

The Miami Herald

Posted on Thu, Sep. 25, 2008

South Florida boating industry hits rough wave

BY DAVID GELLES

The waters are rough for South Florida's boating business. That was the message from officials and businesses who met Wednesday at the 10th annual Marine Summit, held at the Palm Beach County Convention Center.

"We've got all the problems facing other businesses, plus high waterfront taxes and a shrinking workforce," said Frank Herhold, executive director of the Marine Industries Association of South Florida, sponsor of the summit.

Participants focused on drumming up support for Amendment 6, a measure that would lower taxes on working waterfront properties such as marinas and boatyards. The amendment, which will be on the Nov. 4 ballot, would tax working waterfront property based on its existing usage, instead of its "highest and best use" under current law.

The issue came to the forefront in 2006, when some marinas became mixed-use developments, prompting appraisers around the state to start taxing them as if they were waterfront condominiums, which could potentially be built on their sites.

State Sen. Jeff Atwater, R-Palm Beach, told the crowd of 250 that he was a strong supporter of the amendment. "We must preserve working access to waterways in this state," he said, adding that the current taxation was unjust.

"Imagine a government that would actually tax someone out of their livelihood. That is what taking place," Atwater said.

The summit took place at a time when the sagging economy has walloped the boating business. New boat sales in South Florida have plummeted this year, dropping 26 percent year-over-year through June, according to Info-Link, a Miami company that monitors the marine industry. Sales of new 17-foot-plus fiberglass-hulled boats with outboard motors, which usually represent a third of all sales, dropped 30 percent.

One marina operator, Raymond Graziotto, of Loggerhead Club & Marina, said taxes on the company's marinas had doubled. At Loggerhead's Lantana facility, taxes jumped from \$57,000 in 2005 to \$130,000 in 2006, and have continued to rise.

"The industry is already challenged with weather, insurance and fuel costs," Graziotto said. ``Adding over-taxation makes it that much harder to stay in business."

Losing marinas could have a big impact on Florida's economy. Marine industries employ 220,000 and contribute \$18 billion statewide, according to the Marine Industries Association of Florida.

"Taxing on highest and best use will put marinas out of business," said Richard Morgan, chief operating officer of Old Port Cove Marinas in Palm Beach County. "As a result you will have unemployment, and less sales tax."

Missy Timmons, government affairs director for the Marine Industries Association of Florida, said there were cultural issues to consider, too. "Public water access is part of our heritage. Once you lose the public access, you're not going to get it back."

North Carolina has lured several marine-related businesses from Florida in recent years. Mike Bradley, director of marine trades services for North Carolina's small business technology development center, was an invited guest at the summit.

Good incentives, a lower cost of living, and cheaper insurance helped North Carolina attract and retain marine-related businesses, he said. The concentration of marine businesses in his home state now also serves as a draw.

"If you're a state that has shown you are interested in helping businesses," Bradley said, "word spreads."