

*Ottawa*

Room 349, Confederation Building  
Ottawa, Ontario K1A 0A6  
Tel.: 613-996-1119  
Fax: 613-996-0850



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

*Ottawa*

Pièce 349, Édifice de la Confédération  
Ottawa (Ontario) K1A 0A6  
Tél. : 613-996-1119  
Télééc. : 613-996-0850

*Constituency*

9711 Fourth Street Suite 1  
Sidney, British Columbia V8L 2Y8  
Tel.: 250-657-2000  
Fax: 250-657-2004

*Elizabeth May*  
Member of Parliament / Député(e)  
Saanich — Gulf Islands

*Circonscription*

9711, rue Fourth suite 1  
Sidney (Colombie-Britannique) V8L 2Y8  
Tél. : 250-657-2000  
Télééc. : 250-657-2004

The Honourable Bill Morneau  
Minister of Finance  
House of Commons  
Ottawa, ON  
K1A A06

January 27, 2020

Dear Minister,

I am writing to urge you to reconsider the well-intentioned, but poorly researched, proposed 10% sales tax on recreational vessels of all kinds. I have heard no objections to the tax on automobiles and airplanes. However, the tax on boats selling for \$100,000 or more will not assist in your government's goals to protect the middle class. Nor will it make any dent in reducing income inequality in this country. Rather, it represents a very real risk to thousands of middle class jobs across Canada.

While a car selling at \$100,000 or more is clearly a high end, luxury vehicle, a boat at \$100,000 is in another category. Many middle class wage earners want to have the opportunity to enjoy time boating as family. As well, the boats to be hit with this tax are often made in Canada and their servicing and maintenance employs thousands more people. In my riding of Saanich-Gulf Islands alone, thousands of workers now fear for their livelihood.

As well, the boats in question, unlike cars and airplanes, are far more likely to devastate relatively small businesses across Canada making very few boats a year. At least 40% of boats sold in Canada are made in Canada. Small communities in Atlantic Canada such as Chester and Baddeck, Nova Scotia, and Ontario in Markdale and Sudbury and many smaller communities in Quebec notably, Princeville and in British Columbia, Sidney, Duncan, Campbell River, Gibson's and Kelowna (to name a few) would be deeply and negatively impacted by this proposed tax.

We have experience from other nations where "luxury" taxes on boats simply back-fired. It is all too easy to purchase and keep a boat in the United States for many purchasers. The greater the wealth of the purchaser, the greater their ability to shift the purchase south of the border. Faced with the tax in other countries, the market for recreational boats collapsed. Many potential purchasers chose to spend their discretionary recreational funds on other things. Job losses ensued. The taxes were reversed. This has been the case in the United States, Norway, Italy and New Zealand. Canada does not need to repeat a failed experiment.



I note that the Parliamentary Budget Office sees a relatively small amount of new revenue from the proposed tax and a very high degree of uncertainty as to whether the taxes will be collected.

If the desire is to increase government revenue from recreational boats, there are many better policy tools. In the clause by clause review of last parliament's C-64, Wrecked, Abandoned or Hazardous Vessels Act, I proposed amendments to track boat ownership through a registration system of annual payments. Even an annual fee of \$100/year would net more revenue to the government than this tax, without any negative industry-wide impact. The registration system would be of benefit to navigation and the safety of our waters.

In pursuing the billionaire class and its vast wealth, please pursue the opportunities for closing the stock option loophole, ending tax deductions for entertainment, and a wealth tax, as well as you have promised to collect the tax from wealthy Canadians hiding income in offshore accounts.

I would be happy to discuss this with you and your staff at any time.

Sincerely,



Elizabeth May, O.C.  
Member of Parliament  
Saanich-Gulf Islands  
Parliamentary Leader of the Green Party of Canada

cc: The Honourable Mona Fortier  
The Honourable Marc Garneau  
The Honourable Bernadette Jordan

