



DANNEL P. MALLOY  
GOVERNOR  
STATE OF CONNECTICUT

June 15, 2012

The Honorable Denise Merrill  
Secretary of the State  
30 Trinity Street  
Hartford, CT 06106

Dear Madam Secretary:

I hereby return, without my signature, substitute House Bill 5425, *An Act Concerning the Applicability of the Sales and Use Tax to Vessel Storage, Maintenance or Repair*. HB 5425 extends the sale tax exemption for winter storage of noncommercial motorboats and the use tax exemption for the winter storage, maintenance, and repair of vessels brought into the state. As the State continues to face the most difficult financial hardships in many years, I cannot support extending these tax exemptions in this economic climate.

Current law grants a sales tax exemption for winter storage of a noncommercial vessel from November 1st to April 30th. HB 5425 would extend the exemption period by two months, from October 1st to May 31st. Likewise, current law provides a use tax exemption for vessels brought into the state exclusively for winter storage, maintenance, or repair from October 1st to April 30th. This bill would extend the use tax exemption by one month, to October 1st to May 31st.

At a time when it is necessary to implement practical and painful solutions to restore Connecticut's financial health, I find it difficult to justify the expansion of these tax exemptions. This bill is nothing more than a subsidy for one particular industry within the state, while others are required to abide by existing tax rules. The Office of Fiscal Analysis estimates that the State will suffer an annual revenue loss of up to \$300,000 as a result of HB 5425. This revenue loss is not accounted for in the budget adjustments made this year. Any possible benefits the bill provides are outweighed by this unanticipated revenue loss. Therefore, I cannot support HB 5425.

For these reasons, I disapprove of substitute House Bill 5425, *An Act Concerning the Applicability of the Sales and Use Tax to Vessel Storage, Maintenance or Repair*. Pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut, I am returning substitute House Bill 5425 without my signature.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dannel P. Malloy".

Dannel P. Malloy  
Governor