NJ
10
R311
1993b

Committee Meeting

SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

and

ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE AND TOURISM COMMITTEE

SENATE BILL Nos. 2048, 2049, and 2050

(Bills dealing with revitalization of boating industry in the State)
and
"Testimony regarding the need to revitalize the boating industry in the State"

LOCATION: Ocean Yachts, Inc.
Egg Harbor, New Jersey

DATE: October 13, 1993
11:30 a.m.

MEMBERS OF SENATE COMMITTEE PRESENT:
Senator Joseph M. Kyrillos, Jr., Chairman
Senator Andrew R. Ciesla, Vice-Chairman

MEMBER OF ASSEMBLY COMMITTEE PRESENT:
Assemblyman Frank A. LoBiondo, Chairman

ALSO PRESENT:
Assemblyman John C. Gibson, District 1
Assemblyman David W. Wolfe, District 10
Assemblywoman Virginia Haines, District 10
Assemblyman John F. Gaffney, District 2
Assemblyman Fredrick P. Nickles, District 2

George J. LeBlanc
Office of Legislative Services
Aide, Senate Coastal Resources and Tourism Committee
Edward P. Westreich
Office of Legislative Services
Aide, Assembly Economic and Community Development, Agriculture and Tourism Committee

New Jersey State Library

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625

SEPH M. KYRILLOS, JR.
Chairman
DREW R. CIESLA
Vice-Chairman
MES S. CAFIERO
SEPH A. PALAIA
YMOND J. LESNIAK
ALTER RAND

New Jersey State Legislature

SENATE COASTAL RESOURCES AND
TOURISM COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

FROM: SENATOR JOSEPH M. KYRILLOS, CHAIRMAN

SUBJECT: **COMMITTEE MEETING - October 13, 1993**

The public may address comments and questions to George J. LeBlanc or Raymond E. Cantor, Committee Aides, or make bill status and scheduling inquiries to Carol Hendryx, secretary, at (609) 292-7676.

The Senate Coastal Resources and Tourism Committee and the Assembly Economic and Community Development, Agriculture and Tourism Committee will meet on **Wednesday, October 13, 1993 at 11:30 AM at Ocean Yachts, Egg Harbor, New Jersey.**

The following bills will be considered:

S-2048 Ciesla	The "New Jersey Boat Industry Recovery Fund Act of 1993."
S-2049 Ciesla	Establishes "Marine Enterprise Zone Assistance Program" and appropriates $100,000.
S-2050 Ciesla	Authorizes EDA to issue bonds or notes for loans to luxury boat industry.

Issued 10/08/93

SEE ENCLOSED FOR DIRECTIONS

FRANK A. LoBIONDO
Chairman
GEORGE F. GEIST
Vice-Chairman
STEVE CORODEMUS
ROBERT W. SINGER
JOSE F. SOSA
TOM DUNN
JOSEPH J. ROBERTS, JR.

New Jersey State Legislature

ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT
AGRICULTURE AND TOURISM COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE AND TOURISM COMMITTEE

FROM: ASSEMBLYMAN FRANK A. LoBIONDO, CHAIRMAN

SUBJECT: **COMMITTEE MEETING - October 13, 1993**

The public may address comments and questions to Edward P. Westreich, Committee Aide, or make bill status and scheduling inquiries to Sharon Constantini, secretary, at (609) 984-7381.

The Assembly Economic and Community Development, Agriculture and Tourism Committee and the Senate Coastal Resources and Tourism Committee will meet on **Wednesday, October 13, 1993 at 11:30 AM at Ocean Yachts, Egg Harbor, New Jersey,** to receive testimony concerning the need to revitalize the boating industry in order to stimulate job creation and economic development in the State.

Issued 10/07/93

(SEE DIRECTIONS ON OTHER SIDE)

SENATE, No. 2048

STATE OF NEW JERSEY

INTRODUCED AUGUST 16, 1993

By Senator CIESLA

AN ACT to provide access to capital for manufacturers, importers and distributors of luxury boats and marine products in the State and supplementing chapter 1B of Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be known and may be cited as the "New Jersey Boat Industry Recovery Fund Act of 1993."

2. The Legislature finds and declares that: the regional and national economic downturn which began in late 1989 continues to negatively affect the State, resulting in an alarming number of layoffs in all sectors of the economy; during this period, one of the hardest hit sectors of the New Jersey economy has been its boat building industry, especially that portion of the industry involved in the construction, importation and distribution of luxury boats; the reason for this slide in the luxury boat building industry, in addition to the slumping regional economy, has been the drastic fiscal impact of the 10% federal excise tax on the sale of new boats costing over $100,000, imposed in January 1991; this federal excise tax has further exacerbated these negative economic effects, resulting in a 75% reduction in new boat sales and a similar reduction in the boat building labor force; while the anticipated repeal of the federal excise tax on luxury boats is expected to provide New Jersey's boat building industry with a necessary spark, the industry will still need additional financial assistance to fully recover, having been drained over the past three years of the liquidity necessary to meet payrolls and purchase materials needed to substantially increase production and respond to a three year pent-up demand; it is in the public interest to establish a program administered by the New Jersey Economic Development Authority designed to provide loans and loan guarantees to manufacturers, importers and distributors of luxury boats in New Jersey; such a program should be developed through the use of moneys made available for such purposes pursuant to the "Economic Recovery Fund Act," P.L.1992, c.16 (C.34:1B-7.10 et seq.), from a portion of the State's sales tax revenue derived from the sale of boats and marine products and any other moneys made available to the authority.

3. As used in this act:

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4).

"Boat" means a vessel or watercraft, other than a personal watercraft or sea plane on the water, used or capable of being

used as a means of transportation on water, which may be temporarily or permanently equipped with machinery for propulsion.

"Boat manufacturer, importer or distributor" means a business which has its principal place of operation in this State and is independently owned and operated and which manufactures, imports or distributes boats retailing in excess of $100,000 each or which manufactures or provides marine products for such boats.

"Cost or costs" means the expenses incurred in connection with the operation of a boat building, importation or distribution business in the State, which can be reasonably expected to be recovered through the financing of the operation, and which may include, but be not limited to the costs of planning, fixed assets, materials, working capital and any other costs determined by the authority to be necessary to carry out the purposes of this act.

"Fixed assets" means any real property, interests in real property, plant, equipment, and other assets commonly accepted as fixed assets.

"Marine products" means those parts and materials utilized in the design, construction and maintenance of boats including, but not limited to, parts and materials used in boat engines, generators, transmissions, exhaust systems and electrical, plumbing, heating and cooling systems, except that marine products shall not include any oil or oil-based products or materials.

"Participating bank" means a bank or savings bank as defined pursuant to section 1 of P.L.1948, c.67 (C.17:9A-1) deemed eligible by the authority for participation in the program.

"Program" means the "New Jersey Boat Industry Recovery Program" established by the authority pursuant to section 4 of this act.

"Working capital" means those liquid capital assets other than fixed assets.

4. There is established within the authority the "New Jersey Boat Industry Recovery Program" to provide access to capital for boat manufacturers, importers or distributors in the State. The program shall be administered by the authority.

5. a. To implement the program, the authority shall establish and maintain a special non-lapsing revolving fund to be known as the "New Jersey Boat Industry Recovery Fund," hereinafter the "boat industry recovery fund," which shall be credited with an amount not to exceed $12 million, as follows: (1) for the fiscal year of enactment, an amount from the General Fund equal to 50% of the aggregate sales and use taxes collected by the State pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.) on the retail sale of boats and marine products; (2) an amount from the Economic Recovery Fund established pursuant to section 4 of P.L.1992, c.16 (C.34:1B-7.13) which the authority determines is necessary to effectively implement the program, within the limits of funding available from the Economic Recovery Fund; (3) any moneys that shall be received by the authority from the repayment of the moneys in the boat industry recovery fund used to provide direct loans or loan guarantees pursuant to this act and interest thereon; and (4) other moneys of the authority, including but not limited

to, any moneys available from other business loan programs administered by the authority which it is authorized and determines to deposit therein.

b. The authority shall use the moneys in the boat industry recovery fund to: (1) provide direct loans to help finance the costs of boat manufacturers, importers or distributors, and to guarantee up to 25% of the loans or lines of credit provided by participating banks, in accordance with section 7 of this act; and (2) defray the administrative costs of the authority in carrying out the purposes and provisions of this act.

c. Applications for assistance under this act shall be submitted by boat manufacturers, importers or distributors in a form and manner determined by the authority. Upon application by a boat manufacturer, importer or distributor for a loan or loan guarantee pursuant to this section, the authority, in consultation with the Office of Labor Statistics in the Division of Planning and Research of the Department of Labor, is authorized and empowered to determine whether the costs for which the application has been submitted are expected to result in a net increase in the number of jobs provided to New Jersey residents in the State, including but not necessarily the re-employment of personnel temporarily discharged by the boat manufacturer, importer or distributor during the years 1990 through 1993, inclusive. In making such a determination, the authority shall utilize the following minimum cost-per-job ratios to qualify applications submitted pursuant to this section: for loans or guarantees in an amount up to and including $500,000, $12,000 per job created; for loans or guarantees in excess of $500,000, $8,000 per job created. If it is determined by the authority that the project is likely to meet these goals, the authority shall certify that the boat manufacturer, importer or distributor is eligible to receive a loan or loan guarantee pursuant to this section.

d. In evaluating a loan application submitted by a boat manufacturer, importer or distributor, as certified by the authority pursuant to subsection c. of this section, the authority shall place primary emphasis on the applicant's record of profitability and financial stability prior to January 1, 1990, and on projections by the applicant, including the data and assumptions forming the basis thereof, of recovered profitability and financial stability over the term of the loan.

e. No loan granted pursuant to this section shall be for a period of more than five years. The authority shall establish the conditions of the loans provided pursuant to this section which shall include, but not be limited to, the rates of interest, schedules for drawing down loan funds, and repayment schedules. In establishing these conditions, the authority shall consider the impact the interest rate levels will have on the competitiveness and marketability of those boat manufacturers, importers or distributors receiving assistance pursuant to this act. All repayments, and interest thereon, shall be deposited by the authority in the boat industry recovery fund for use in the manner provided for in this act, except that upon expiration of this act, all repayments, and interest thereon, and all moneys remaining in

the boat industry recovery fund shall be credited to and deposited in the "Economic Recovery Fund," established pursuant to subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13) for any of the purposes thereof.

f. The portion of the direct loans or lines of credit provided by participating banks may be guaranteed by the authority pursuant to section 7 of this act only if an eligible boat manufacturer, importer or distributor has been certified by the authority pursuant to subsection c. of this section as being eligible to receive a loan or loan guarantee, and has been qualified therefor by demonstrating to the satisfaction of the authority that the eligible boat manufacturer, importer or distributor has the ability, reputation and credit-worthiness necessary to reach a market and generate sales.

g. Except as otherwise provided in subsection e. of this section, net earnings received from the investment or deposit of moneys in the boat industry recovery fund by the authority shall be redeposited in the boat industry recovery fund for use for the purposes of this act.

h. The amount of the direct loans provided by the authority to any one boat manufacturer, importer or distributor at any one time shall not exceed $600,000, and in no case shall the authority guarantee any loans pursuant to section 7 of this act in excess of $7 million.

6. The authority shall establish sufficient reserves and liquid reserves, aside from those moneys required to provide a sufficient and actuarially sound basis for its pledges contained in any loan or guarantee agreement entered into pursuant to this act.

7. The authority shall enter into agreements with participating banks to use the moneys from the boat industry recovery fund to provide up to 25% of the direct loans or revolving lines of credit to finance the costs of eligible boat manufacturers, importers or distributors. The agreements shall provide that the balance of the loans or lines of credit for financing the costs of eligible boat manufacturers, importers or distributors shall come from participating banks. The authority may also use moneys from the boat industry recovery fund to guarantee up to 25% of the portion of the loans or lines of credit to be provided by the participating banks in those cases where the authority determines that such a guarantee is necessary for an agreement authorized by this section. The agreements shall also provide for any other terms or conditions which the authority and the participating banks stipulate to as being necessary or desirable to make loans, establish and extend lines of credit, guarantee loans and otherwise effectuate the purpose of the program.

8. Within fifteen months following the effective date of this act, and on or before February 15 of each succeeding year for which the act is in effect, the authority shall prepare a report on the program. The report may be issued separately, or in combination with the reports required by law on financial assistance to boat manufacturers, importers or distributors in this State, and shall include, but not be limited to, a description of the demand for the program from eligible boat manufacturers and distributors and participating banks, the efforts made by the

authority to promote the program, the total amount of loans, lines of credit or guarantees issued by the authority pursuant to the program and an assessment of the effectiveness of the program in meeting the goals of this act. The authority shall submit its report to the Governor and the Legislature, including therein any recommendations for legislation to improve the effectiveness of the program.

9. The authority shall adopt rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), as may be necessary to effectuate the purposes of this act. In developing procedures and forms to be used in connection with the application for and provision of loans, the extension of credit and issuance of guarantees pursuant to this act, the authority shall consider the special needs and problems of boat manufacturers, distributors and distributors in the State.

10. This act shall take effect immediately, and shall expire six years following the effective date thereof, except that this expiration shall not effect any outstanding obligations of boat manufacturers, importers or distributors resulting from the provisions of this act.

STATEMENT

This bill establishes a "New Jersey Boat Industry Recovery Program" in the New Jersey Economic Development Authority to provide access to capital for boat manufacturers, importers or distributors in the State in the form of loans and loan guarantees. The program is intended to provide access to funding and credit which might not otherwise be available to New Jersey's luxury boat building, importation and distribution industry.

The bill directs the authority to make direct loans and give credit guarantees, in conjunction with a consortium of participating banks, to boat manufacturers, importers or distributors for expenses incurred in connection with the operation of a boat building, importation or distribution business in the State. Manufacturers, importers or distributors of boats retailing for $100,000 or more will be eligible for loans or loan guarantees, based on their pre-1990 profitability and economic stability, and their projected recovery over the terms of the loans.

In order to qualify for a loan or loan guarantee, the boat manufacturer, importer or distributor must show evidence of a cost-per-job ratio of at least $12,000 per job created for loans or guarantees up to $500,000, and of at least $8,000 per job created for loans or guarantees in excess of $500,000. The amount of the direct loans provided by the authority to any one boat manufacturer, importer or distributor at any one time is not to exceed $600,000, and in no case is the authority to guarantee any loans in excess of $7 million.

The bill establishes a special non-lapsing revolving fund to be known as the "New Jersey Boat Industry Recovery Fund," or the "boat industry recovery fund," to be credited with an amount not to exceed $12 million, including: (1) for the fiscal year of

enactment, an amount from the General Fund equal to 50% of the aggregate sales and use taxes collected by the State pursuant to P.L.1966, c.30 (C.54:32B-1 et seq.) on the retail sale of boats and marine products; (2) an amount from the Economic Recovery Fund established pursuant to section 4 of P.L.1992, c.16 (C.34:1B-7.13) that the authority determines is necessary to deposit in the fund to implement the program; (3) any moneys received by the authority from the repayment of the moneys in the boat industry recovery fund used to provide direct loans or loan guarantees and any interest thereon; and (4) other moneys of the authority, including but not limited to, any moneys available from other business loan programs administered by the authority which it is authorized and determines to deposit therein.

The bill contains a "sunset" provision for six years after the effective date of the act. At that time, all moneys in the boat industry recovery fund, and any outstanding obligations of boat manufacturers, importers or distributors, will be credited to and deposited in the "Economic Recovery Fund," established pursuant to subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13) for the purposes thereof.

The bill requires the authority to report back to the Governor and the Legislature within fifteen months of the effective date of the act, and on or before February 15 of each succeeding year for which the act is in effect, on the status of the program and any recommendations for legislation to better effectuate the goals of the program.

This bill is part of a three bill package intended to address the economic problems currently faced by New Jersey's luxury boat industry.

The "New Jersey Boat Industry Recovery Fund Act of 1993."

SENATE, No. 2049

STATE OF NEW JERSEY

INTRODUCED AUGUST 16, 1993

By Senator CIESLA

AN ACT establishing a marine enterprise zone program to assist certain boating industries in the State, making an appropriation therefor and supplementing Title 52 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be known and may be cited as the "Marine Enterprise Zone Assistance Act."

2. The Legislature finds and declares that: the regional and national economic downturn which began in late 1989 continues to negatively affect the State, resulting in an alarming number of layoffs in all sectors of the economy; during this period, one of the hardest hit sectors of the New Jersey economy has been its boat building industry, especially that portion of the industry involved in the construction, importation or distribution of luxury boats; the reason for this slide in the luxury boat building industry, in addition to the slumping regional economy, has been the drastic fiscal impact of the 10% federal excise tax on the sale of new boats costing over $100,000, imposed in January 1991; this federal excise tax has further exacerbated these negative economic effects, resulting in a 75% reduction in new boat sales and a similar reduction in the boat building labor force; while the anticipated repeal of the federal excise tax on luxury boats is expected to provide New Jersey's boat building industry with a necessary spark, the industry will still need additional financial assistance to fully recover, having been drained over the past three years of the liquidity necessary to meet payrolls and purchase materials needed to substantially increase production and respond to a three year pent-up demand; one effective means of assisting in the revitalization of the boat building industry is to create marine enterprise zones to encourage the rebuilding of the industry through certain tax incentives; it is in the public interest to establish a program administered by the New Jersey Urban Enterprise Zone Authority designed to assist manufacturers, importers and distributors of luxury boats in New Jersey, and to appropriate moneys to the New Jersey Urban Enterprise Authority to assist with the administration of the program.

3. As used in this act:

"Authority" means the New Jersey Urban Enterprise Zone Authority established pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.).

"Boat" means a vessel or watercraft, other than a personal watercraft or sea plane on the water, used or capable of being used as a means of transportation on water, which may be

temporarily or permanently equipped with machinery for propulsion.

"Boat manufacturer, importer or distributor" means a business which has its principal place of operation in this State and is independently owned and operated and which manufactures, imports or distributes boats retailing in excess of $100,000 each or which manufactures or provides marine products for such boats.

"Marine enterprise zone" or "zone" means a marine enterprise zone as designated by the authority pursuant to this act.

"Marine products" means those parts and materials utilized in the design, construction and maintenance of boats including, but not limited to, parts and materials used in boat engines, generators, transmissions, exhaust systems and electrical, plumbing, heating and cooling systems, except that marine products shall not include any oil or oil-based products or materials.

"Qualifying municipality" means any municipality identified by the authority as a priority location for financial assistance in accordance with the "UIR" index developed by the authority.

4. a. Within 90 days of the effective date of this act, the authority shall designate sites for three marine enterprise zones as part of a program under the provisions of this act.

b. The authority shall designate the zones in two different counties in which are located boat manufacturers, importers or distributors.

c. In selecting the sites for the zones, the authority shall not select any municipality or area within a municipality which has been designated as an urban enterprise zone prior to the effective date of this act. The following criteria shall be utilized in the designation of these zones by the authority:

(1) One zone shall be located in a county of the second class with a population greater than 390,000 and less than 400,000 and in a qualifying municipality in that county with a population greater than 1,500 and less than 1,600 according to the latest federal decennial census;

(2) One zone shall be located in a county of the fifth class with a population greater than 200,000 and less than 250,000 and in a qualifying municipality in that county with a population greater than 5,800 and less than 5,900 according to the latest federal decennial census; and

(3) One zone shall be located in a county of the fifth class with a population greater than 200,000 and less than 250,000 and in a qualifying municipality in that county with a population greater than 4,500 and less than 4,600 according to the latest federal decennial census.

5. a. Notwithstanding any law, rule or regulation to the contrary, any qualifying municipality may, within 180 days of the effective date of this act, apply to the authority for designation of an area within the municipality as a marine enterprise zone.

b. In addition to the marine enterprise zones designated in section 4 of this act, the authority may, during the 360 day period immediately following the effective date of this act, designate marine enterprise zones from among those areas of qualifying municipalities determined to be eligible pursuant to this act and

which have applied pursuant to subsection a. of this section. No more than one marine enterprise zone shall be designated in any one municipality. A designation as a marine enterprise zone shall be granted for a period of five years and shall not be renewed at the end of the period.

6. Within 24 months after the designation of the sites for the marine enterprise zones pursuant to section 4 of this act, the authority shall, after consultation with the Maritime Advisory Council and the Division of Economic Development in the Department of Commerce and Economic Development, report to the Governor and the Legislature on the success of the marine enterprise zone assistance program authorized under this act, including the cost of the program, the number of businesses assisted by the program, the number of new jobs created under the program, and any recommendations regarding the need for legislation to adopt the marine enterprise zones program on a permanent basis and to adopt changes to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) that are deemed necessary to incorporate the program into that law.

7. The authority is authorized to adopt those elements of the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) that are necessary to effectuate the provisions of the marine enterprise zone assistance program, and to extend those elements to businesses in marine enterprise zones for the duration of the program.

Notwithstanding the provisions of this section to the contrary, the marine enterprise zones designated by the authority pursuant to criteria for priority consideration in section 4 or pursuant to section 5 of this act, shall not be entitled to an exemption of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

8. The authority shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt any rules and regulations necessary to effect the purposes of this act.

9. There is appropriated from the General Fund to the New Jersey Urban Enterprise Zone Authority the sum of $100,000 to effectuate the purposes of this act.

10. This act shall take effect on the 90th day following enactment and shall expire six years following that effective date.

STATEMENT

This bill would provide for the establishment of "marine enterprise zones" in certain areas of the State in order to assist the luxury boat industry in the State which has been devastated by a combination of a 10% excise tax on luxury boats and an ongoing recessionary economy.

By qualifying for designation as a "marine enterprise zone," an area in which boating-building industries are located would be eligible to receive most of the same benefits extended to urban enterprise zones pursuant to the "New Jersey Urban Enterprise Zones Act," P.L.1983, c.303 (C.52:27H-60 et seq.) including credits against State corporate taxes in return for hiring new

employees, rebates in certain taxes, specialized training assistance and other incentives. The bill excludes the exemption to the extent of 50% of the tax imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

Establishes "Marine Enterprise Zone Assistance Program" and appropriates $100,000.

SENATE, No. 2050

STATE OF NEW JERSEY

INTRODUCED AUGUST 16, 1993

By Senator CIESLA

AN ACT to provide short-term loans to manufacturers, importers and distributors of luxury boats and marine products in the State, authorizing the issuance of bonds or notes therefor, and supplementing chapter 1B of Title 34 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. This act shall be known and may be cited as the "New Jersey Boat Industry Loan Fund Act of 1993."

2. The Legislature finds and declares that: the regional and national economic downturn which began in late 1989 continues to negatively affect the State, resulting in an alarming number of layoffs in all sectors of the economy; during this period, one of the hardest hit sectors of the New Jersey economy has been its boat building industry, especially that portion of the industry involved in the construction, importation and distribution of luxury boats; the reason for this slide in the luxury boat building industry, in addition to the slumping regional economy, has been the drastic fiscal impact of the 10% federal excise tax on the sale of new boats costing over $100,000, imposed in January 1991; this federal excise tax has further exacerbated these negative economic effects, resulting in a 75% reduction in new boat sales and a similar reduction in the boat building labor force; while the anticipated repeal of the federal excise tax on luxury boats is expected to provide New Jersey's boat building industry with a necessary spark, the industry will still need additional, temporary, financial assistance to fully recover, having been drained over the past three years of the liquidity necessary to meet payrolls and purchase materials needed to substantially increase production and respond to a three year pent-up demand; it is in the public interest to establish a program administered by the New Jersey Economic Development Authority designed to provide short-term loans to manufacturers, importers, and distributors of luxury boats in New Jersey; and to fund that program with bonds or notes issued by the authority.

3. As used in this act:

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4).

"Boat" means a vessel or watercraft, other than a personal watercraft or sea plane on the water, used or capable of being used as a means of transportation on water, which may be temporarily or permanently equipped with machinery for propulsion.

"Boat manufacturer, importer or distributor" means a business

which has its principal place of operation in this State and is independently owned and operated and which manufactures, imports or distributes boats retailing in excess of $100,000 each or which manufactures or provides marine products for such boats.

"Cost or costs" means the expenses incurred in connection with the operation of a boat building, importation or distribution business in the State, which can be reasonably expected to be recovered through the financing of the operation, and which may include, but be not limited to the costs of planning, fixed assets, materials, working capital and any other costs determined by the authority to be necessary to carry out the purposes of this act.

"Fixed assets" means any real property, interests in real property, plant, equipment, and other assets commonly accepted as fixed assets.

"Marine products" means those parts and materials utilized in the design, construction and maintenance of boats including, but not limited to, parts and materials used in boat engines, generators, transmissions, exhaust systems and electrical, plumbing, heating and cooling systems, except that marine products shall not include any oil or oil-based products or materials.

"Working capital" means those liquid capital assets other than fixed assets.

4. a. The authority is authorized to issue bonds or notes, in an aggregate amount to be determined by the authority as appropriate and necessary for the purposes of this act, the proceeds from which shall be used to assist boat manufacturers, importers and distributors to temporarily defray the costs of operation, as provided herein. The bonds or notes shall be secured by the repayment of loans by the borrowers thereof.

b. There is established, within the authority, a special nonlapsing revolving fund to be known as the "Boat Industry Loan Fund," hereinafter, the "loan fund", which shall be credited with: (1) the proceeds from the sale of bonds or notes pursuant to subsection a. of this section; (2) moneys repaid from loans granted pursuant to section 5 of this act; (3) such moneys from the "Economic Recovery Fund" established pursuant to section 4 of P.L.1992, c.16 (C.34:1B-7.13), as may be available and which the authority deems appropriate for the purposes of this act; and (4) any other moneys that may become available for the purposes of this act.

c. The authority shall use the moneys in the loan fund: (1) to provide loans to boat manufacturers, importers and distributors which have experienced a temporary financial setback since 1989; (2) to defray the administrative costs resulting from the implementation of this act; and (3) for the payment of the principal and interest on, and any expenses or premiums incurred in conjunction with, the issuance of bonds or notes pursuant to this section.

d. Except as otherwise provided in section 6 of this act, net earnings received from the investment or deposit of moneys in the loan fund by the authority shall be credited to the loan fund for the purposes thereof.

5. a. A boat manufacturer, importer or distributor shall,

pursuant to application to and the approval of the authority, be eligible for a loan from the loan fund as provided for in this section. No loan granted pursuant to this section shall be for a period of more than five years. A loan may be granted pursuant to this section in addition to any other financial assistance provided by the authority to a boat manufacturer, importer or distributor.

b. A boat manufacturer, importer, or distributor shall apply to the authority for a loan, in a form and manner determined by the authority. In evaluating a loan application, the authority shall place primary emphasis on the applicant's record of profitability and financial stability prior to January 1, 1990, and projections by the applicant, including the data and assumptions forming the basis thereof, of recovered profitability and financial stability over the term of the loan.

c. The authority shall establish the amount, duration and terms of any loan granted pursuant to this section. The terms of a loan shall include, but not be limited to, the actual interest rate, a schedule for drawing down loan funds, and a repayment schedule. To the extent that such consideration is practicable, the authority shall consider the potential impact of interest rates on the competitiveness of boat manufacturers, importers or distributors receiving loans pursuant to this act.

d. Except as otherwise provided in section 6 of this act, all loan repayments, and interest thereon, shall be deposited in the loan fund for the purposes of paragraphs (2) and (3) of subsection c. of section 4 of this act.

6. When all expenses incurred by the authority have been defrayed pursuant to paragraphs (2) and (3) of subsection c. of section 4 of this act, moneys remaining in the loan fund shall be credited to and deposited in the "Economic Recovery Fund," established pursuant to subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13) for the purposes thereof.

7. Within 15 months following the effective date of this act, and on or before February 15 of each year for which this act is in effect, the authority shall prepare a report on the loans granted pursuant to this act and shall submit that report to the Governor and the Legislature. The report may be issued separately, or in combination with any other report required by law on financial assistance to boat manufacturers, importers or distributors in the State. The report shall include, but not be limited to:

a. a description of each outstanding loan and background information on the recipient thereof;

b. the terms of each loan and level of compliance therewith;

c. the total amounts of loans and loan repayments for the period covered by the report, and the aggregate amounts of both to the date of the report; and

d. any recommendations deemed appropriate by the authority for legislation to enhance the effectiveness of the loan program established pursuant to this act.

8. The authority shall adopt rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), as may be necessary to effectuate the purposes of this act. In developing procedures and forms to be used in connection

with the application for and provision of loans, pursuant to this act, the authority shall consider the special needs and problems of boat manufacturers, importers and distributors in the State.

9. This act shall take effect immediately, and shall expire six years following the effective date thereof; except that this expiration shall not affect any outstanding obligations of boat manufacturers, importers or distributors resulting from the provisions of this act, and except that the loan fund shall remain operative until such obligations are fully discharged.

STATEMENT

This bill establishes a short-term loan program, in the New Jersey Economic Development Authority, for luxury boat manufacturers, importers and distributors which have fallen on hard times because of the recent recession and the fiscal impact of the 1991 federal excise tax on luxury boats. The loan moneys will be raised primarily by the issuance of bonds or notes by the authority. Loans will be issued for a maximum of five years and will be subject to the interest rate and other terms set by the authority.

Manufacturers, importers and distributors of boats retailing for $100,000 or more will be eligible for loans, based on their pre-1990 profitability and economic stability, and their projected recovery over the terms of the loans. A special fund, the "Boat Industry Loan Fund" will be established as the vehicle for implementing the loan program.

The provisions of this bill will expire six years after enactment, except that the expiration will not nullify borrowers' obligations, and the loan fund will remain operative until those obligations are discharged.

This bill is part of a three bill package designed to provide temporary assistance to the luxury boat industry, in order to recoup the many jobs lost in that industry over the past three years.

Authorizes EDA to issue bonds or notes for loans to luxury boat industry.

TABLE OF CONTENTS

	Page
Robert Healey Chief Executive Officer Viking Yacht Company	8
Kathy Healey MacCausland, Esq. General Counsel Viking Yacht Company	12
Ruth Hilbert Former Employee Viking Yacht Company	12
William Loder Employee Viking Yacht Company	13
Judy Ott Employee Viking Yacht Company	19
T. Richard Bethea Mayor, and Director of Revenue and Finance Bass River Township, New Jersey	21
John E. Leek, III President Ocean Yachts, Inc.	24
Richard Toone General Service Manager Johnson & Towers, Inc.	28
Charles Underwood President Egg Harbor Yacht Company	30
Alan Davidson Marine Trades Association of New Jersey	35
Anthony Carracino Candidate for the State Senate District 10	37

TABLE OF CONTENTS (continued)

Page

Bradley S. Brewster
Princeton Public Affairs Group
representing
National Marine Manufacturers
Association 45

APPENDIX:

Opening Remarks of
Assemblyman Frank A. LoBiondo 1x

Opening Remarks of
Assemblywoman Virginia Haines 4x

Opening Remarks of
Assemblyman David W. Wolfe 6x

Opening Remarks of
Assemblyman John F. Gaffney 8x

"Assembly Republican News
Media Advisory" 10x

"Survey and Report on New
Jersey Boat Builders" plus
attachments 11x

"N.J. Boating Industry:
Economic Impact of Lost Jobs"
plus attachments 44x

Chart submitted by
Viking Yacht Company 68x

Letter addressed to
Jim Florio, Governor
State of New Jersey
from John E. Leek, III 69x

Chart submitted by
Richard Toone 71x

TABLE OF CONTENTS (continued)

Page

APPENDIX (continued):

Letter to
The Senate and the General Assembly
from George B. Aaron
Chairman
Mahogany Company of Mays Landing, Inc. 72x

Statement submitted by
Anthony Carracino 73x

mjz: 1-50

* * * * * * * * * * *

SENATOR JOSEPH M. KRYILLOS, JR. (Chairman): Ladies and gentlemen, if I may have your attention, we are going to call this joint meeting to order. I will first ask our two representatives from the Office of Legislative Services to take the role. First, George, for the Senate Committee.

MR. LeBLANC (Committee Aide): Senator Ciesla?

SENATOR CIESLA: Here.

Mr. LeBLANC: Senator Kryillos?

SENATOR KRYILLOS: Here.

And for the Assembly Committee?

MR. WESTREICH (Committee Aide): Assemblyman LoBiondo?

ASSEMBLYMAN FRANK A. LoBIONDO (Chairman): Yes.

MR. WESTREICH: Assemblyman Gibson:

ASSEMBLYMAN GIBSON: Here.

MR. WESTREICH: Assemblywoman Haines?

ASSEMBLYWOMAN HAINES: Here.

MR. WESTREICH: Assemblyman Gaffney?

ASSEMBLYMAN GAFFNEY: Here.

MR. WESTREICH: Assemblyman Nickles?

ASSEMBLYMAN NICKLES: Here.

MR. WESTREICH: Assemblyman Wolfe?

ASSEMBLYMAN WOLFE: Here.

SENATOR KRYILLOS: Thank you very much.

I am Senator Joe Kryillos. First, I would like to congratulate everybody for finding Ocean Yachts, although I have to compliment them on some very precise directions. I would like to welcome everyone to this joint meeting of the Senate Coastal Resources and Tourism Committee and the Assembly Economic and Community Development, Agriculture and Tourism Committee. The Chairman of the Assembly Committee, Assemblyman Frank LoBiondo, is to my left, and he will be making some welcoming remarks in a moment.

I think everyone realizes that the purpose of today's meeting is to examine a package of bills, sponsored by Senator

Andy Ciesla, that are designed to help New Jersey's boating industry recover from the really severe economic beating it has sustained since the imposition of the Federal luxury tax in 1991. The ill-conceived Federal luxury tax, which has finally been repealed, propelled New Jersey's once robust boating industry into a downward economic spiral.

The New Jersey Department of Commerce and Economic Development estimates that there has been a loss of more than 3000 jobs in boating and related industries, resulting in the loss of $140 million per year to the State Treasury. The job loss includes a wide range of occupations, including: clerical workers, machinists, mechanics, managers, craft persons. State assistance is appropriate, and it is vital to help reestablish the boating industry as a dynamic force for New Jersey's economy.

I think you all know that whatever happens in the boating industry impacts activity in other sectors of the economy as well. For example, businesses that provide materials, such as fiberglass, aluminum, steel, wood, they all sustain losses when boat building ceases.

At one time, New Jersey was recognized worldwide as the boating industry capital. We have to reclaim that distinction, and this package we have here today will help us in our quest to do so.

With that, let me turn the microphone over to Assemblyman Frank LoBiondo.

ASSEMBLYMAN LoBIONDO: Thank you, Senator Kyrillos.

Let me join with the Senator in welcoming you all to this public hearing today, with what we hope will be some testimony we can use to carry forward for the release of these bills at some point in the future.

I would like to echo the comments and remarks of Senator Kyrillos about the tremendous negative impact the boating industry has felt. While there have been cries from

almost every corner that something needs to be done, the fact remains that very little has been done; that imposition of the Federal luxury tax was devastating. We know full well the impact of jobs in New Jersey and what it has been. The fact that we are lagging behind our neighboring states is a further indicator that we just can't let things take their own course and move forward. We need to take some positive action; positive action that will help spur an industry that we know can help the economy of New Jersey in a dramatic and positive way. That is what we are about here today.

Again, I want to thank you all for coming.

SENATOR KRYILLOS: Thank you very much, Assemblyman.

Before we get to our witnesses, I would like -- Frank and I would like to give members of the Joint Committee a chance to make some remarks. First and foremost, the sponsor of the three bills we are considering today is the Vice-Chairman of the Senate Coastal Resources and Tourism Committee, Senator Andrew Ciesla, of Ocean County. Senator?

SENATOR CIESLA: Joseph, thank you very much for that welcome.

I, too, join you in supporting this particular industry, because as we know, the New Jersey boat building industry has been the core of boat building for yachts, like the ones that are immediately behind us, in the United States for well over the past century. In fact, I am told that nearly 50 percent of the boats that are sold of this particular nature across the United States are manufactured here in New Jersey. Or maybe I should couch my remarks to say that they were manufactured here in New Jersey prior to the terrible downturn in our economy we have experienced.

This is an industry which is synonymous with New Jersey, and it is an industry that has suffered -- suffered very, very badly in this past recession, complicated, naturally, by the imposition of the Federal luxury tax. The

burden that was created by this Federal luxury tax has decimated the industry. Although it has been repealed, the results of that particular tax on this industry linger on. This industry in New Jersey is in place. The infrastructure is here. In my estimation, it is the single one industry that we can gear up to provide as many as 4000 jobs almost immediately, without having to provide any necessary capital investment.

We need to take a sound business approach and provide certain loans and certain loan guarantees to New Jersey businesses, so we can get people back to work to keep New Jersey as the leader of the boat building industry in the United States. I am really pleased to sponsor these bills.

Thank you, Senator Kyrillos, and members of the Joint Committee.

SENATOR KRYILLOS: Thank you very much, Senator. Very well put. I congratulate you on your leadership on this issue and your sponsorship of these very important bills.

At this point, I would like to turn the microphone back over to Assemblyman LoBiondo for remarks from his Committee members.

ASSEMBLYMAN LoBIONDO: Thank you, Joe.

The Assembly versions of these bills are sponsored by Assemblywoman Haines and Assemblyman Wolfe. Assemblywoman, would you like to make some opening remarks?

ASSEMBLYWOMAN HAINES: Yes, I would. Thank you, Mr. Chairman.

I would just like to thank Assemblyman Frank LoBiondo and Senator Kyrillos for having this joint legislative meeting today, especially having it here at Ocean Yachts. This is the main part of what we are really here talking about, and I think it is very appropriate that we are down here.

As you have heard the Senator say, what we are trying to do is to bring the industry back. It is most important, and I think Andy can-- You said, "50 percent over the United

States," but I think it has been told to me that it is over the world, which really makes it even more important for us to try to do something to bring this industry back to where it was, to create the jobs that are most needed; to bring people back to work, those who have been unemployed. That is the main reason we are here today with the three bills that we have introduced, to hear testimony from those who are in the industry, to see what we can do, if there are any ways, with the bills we have before us, that maybe need to be amended to make them more amenable, to get them out of Committee and to get them before the floor of the Assembly and the Senate.

Again, thank you. I look forward to hearing the testimony from the boat industry today, and from the other members. Thank you again for having me.

ASSEMBLYMAN LoBIONDO: Assemblyman Wolfe?

ASSEMBLYMAN WOLFE: Thank you, Chairman Frank LoBiondo, and also Chairman Kyrillos.

We are here for a very important piece of legislation today. I think what we are going to be talking about is a very significant factor in the economy of the State. We are going to try to find out what specifically can the Legislature do to assist a very vital part of our State, and also our economy. We want to get the industry back on its feet as a result of the recession, and we also want to deal with the fact that the boat luxury tax is now no longer in place.

We believe the package that has been introduced by Senator Ciesla, and also by Assemblywoman Haines and myself, will provide the tools for that recovery within the State.

Very briefly, Assembly Bill No. 2767, which is designated the "Marine Enterprise Zone Assistance Zone Act," provides for the designation of certain creative zones in two specific counties in the State of New Jersey in which are located boat manufacturers, importers, or distributors. The selection would preclude any municipality which previously was

designated as an Urban Enterprise Zone, and this is a very important part of the legislation. A designated Marine Enterprise Zone would be eligible to obtain most of the same benefits extended under the "New Jersey Urban Enterprise Zone Act," namely credits against State corporate taxes in return for hiring new employees, rebates in certain cases for taxes, specialized training assistance, and other incentives.

The bills also specify that Bass River Township in Burlington County and Mullica and Egg Harbor in Atlantic County are the first three communities within the State to qualify as Marine Enterprise Zones.

A-2768 established within the Economic Development Authority, a State agency, a special nonlapsing, revolving Boat Industry Loan Fund, which shall be credited with the proceeds from the sale of bonds or notes and any other moneys that may become available for the purposes of this Act.

We believe these bills will revitalize the boat building industry in the State of New Jersey. We feel the employment levels which had dropped will continue to rise again, and once again it will be a healthy industry. This legislative package is a job creation package, and we should act upon it promptly.

Mr. Chairman, thank you very much. I would also like to thank the audience for coming.

ASSEMBLYMAN LoBIONDO: Thank you. My colleague from the 1st Legislative District, Assemblyman Jack Gibson. Would you like to speak?

ASSEMBLYMAN GIBSON: Thank you, Mr. Chairman.

I am very enthusiastic about this legislation, and I would like to compliment the sponsors on an excellent piece of legislation.

I stand ready to hear from the people in the audience who would reinforce and propel this to becoming law at the earliest possible date.

Thank you, Mr. Chairman.

ASSEMBLYMAN LoBIONDO: Thank you. And from the 2nd Legislative District, Assemblyman John Gaffney.

ASSEMBLYMAN GAFFNEY: Welcome to Atlantic County, those of you who had trouble finding us. We're here, usually, 12 months of the year. Some people used to say we had a three-month industry, until the casinos. Now everybody can find us much easier, I think.

Seriously, I know since we are here in Atlantic County, we are in the heart of the boat building industry. I am pleased to see that on our list of speakers I see Jack Leek, from Ocean Yachts, and Charlie Underwood, from Egg Harbor Yacht. They are going to have some real stories to tell about real people, and I think that is what this is all about today -- this type of hearing -- to bring attention to what has happened to this industry. It has been an absolute disgrace what the tax policies of the Federal government, and to some degree the lack of a policy in State government until this package of bills, has created. It cost us 4500 jobs. Now this industry only employs around 600. It is a disgrace.

I am hopeful that this is the first step on the way back. More importantly, it is not a handout, but, in my view, it is a hand up to the real people of this industry and, more importantly, the real people who work in this industry.

Thank you, Mr. Chairman.

ASSEMBLYMAN LoBIONDO: Thank you. And last, but certainly by no means least, Assemblyman Fred Nickles.

ASSEMBLYMAN NICKLES: Thank you, Mr. Chairman. I probably have the toughest job of all, and that is trying to think of something clever and important to say after seven other legislators have already given their opinions. So I really won't--

I just simply want to echo some of the comments that were already made. It is important to us, especially in this

2nd Legislative Distict, that Mullica Township is one of the areas -- this area is one of the areas that will be identified as a Marine Enterprise Zone. As already indicated, it is important to get our people back to work.

So we welcome you. We look forward to your testimony. We appreciate your taking the time to spend this time with us.

Thank you.

SENATOR KRYILLOS: Thank you very much, Assemblyman LoBiondo.

We have a real all-star cast of people from the industry here with us today. We will hear from Bob Healey, whom you all know; John Leek, of Ocean Yachts, our host for this morning -- and we are very grateful to be here; John Dalton, of Jersey Yachts; Jacques Henriques, of Henriques Boat Works; Charlie Underwood, from Egg Harbor Yacht; and Georgianna Gieser, from the Marine Trade Association of New Jersey. We have had a couple of other people sign up to testify as well outside of the industry.

Let's lead off, if we can, with the Chief Executive Officer from the Viking Yacht Company, our friend, Mr. Bob Healey.

R O B E R T H E A L E Y: Thank you very much.

SENATOR KRYILLOS: Bob, it is good to have you here.

MR. HEALEY: Thank you.

The first thing I would like to say is, I would like you to know how much we all appreciate what you people are doing for us. I mean, I have to say that. I was Chairman of the Coalition of the industry to repeal the luxury tax. I went to Washington and I dealt with the people in Washington. I can say that our local Congressmen and Senators were very receptive, but I'll tell you, there is such a deity complex in Washington. When you go to Trenton, it is very refreshing, you

know, to deal with you people. It is a completely different ball game.

SENATOR KRYILLOS: We don't hear that very often, Bob.

MR. HEALEY: Well, you are very warm; you are very receptive to us, so we certainly want you to know how much we appreciate all of you. You know, we came to you, and you people came right forward and started to put all of this together for us.

But getting back to the business at hand, the first thing I would like to do, on behalf of the boat builders, is to tell you that one of the things that concerned us and everybody was that we had a-- We were devastated, as Senator Ciesla said, as a result of the luxury tax and the recession, and of course, the issue in Washington, which we finally convinced them of, was it was not the recession, as much as it was the luxury tax. The luxury tax played a big part in the whole thing.

What has happened over the last three years-- You know, we are going into the fall selling season now. The boat shows have started. We had Norwalk just about a week and a half ago, and now we go into Annapolis this week, and then on to the Fort Lauderdale show; then the New York show and the Miami International Boat Show in February. So we go through this whole selling season.

I can tell you, since August 10 when the luxury tax was repealed, the phones have been ringing off the hook; a pent up demand that has been out there, and we're selling boats. When I say, "We're selling boats," I am not only talking about the Viking Yacht Company, but I am talking about all the boat builders who are here. They will probably tell you the same thing.

The boat business has come around. People just would not take the position that we are the rich. They were

insulted, and they just didn't buy boats. And that has come back.

Last year, we had a lot of activity at the boat shows, but nobody bought any boats. This year, we have the activity, and people are signing the checks and buying the boats.

So the problem we basically have is that, you know, we spent three years taking all our liquidity and just keeping our companies together. So what has transpired is, now we are out of cash. We have companies like Ocean here, Viking, Egg Harbor, all these companies, which for years were successful, and then comes this three years of the crash. We were lucky to survive. Now that we are coming back, the type of assistance-- We have existing plants; we have existing tooling. We have an acceptable product. We have core management and key players. What we need is some liquidity, some assistance to bring us back.

I can tell you-- The other thing is, this isn't something that has to go on for 10 or 15 years. This is this year -- this year. Once we get up on our feet, we will be able to go back to the private sector and be fundable ourselves. But one of the basic problems is, we had 100 companies around the United States go out of business in the big boat industry, either builders or suppliers, as a result of this. The banking industry has just -- you know, they have just flown the coop. They have flown the coop on businesses generally in this recession. But as one fellow told me, a friend of mine who is a Senior Vice President of B of A out on the West Coast, when I asked him, you know, what was going on with the boat builders out there, he said, "If I brought in a boat loan," he said, "they would ask me who my therapist was." That is how bad the boat business is, and that is what happens to the banking industry. They look at you as an industry and they decide they are out of that industry. You could have the best financials

in the world, but that is not going to get you anywhere. So we need the assistance.

I have been in contact with the EDA, in talking to them, and they have programs which provide for a 25 percent guarantee. Well, as Gene Bukowski (phonetic spelling), who is a chief underwriter, said, "Twenty-five percent, Bob, I know isn't going to get you guys anything." So we need in the nature of a 90 percent guarantee. I restructured the Viking Yacht Company with a German bank out of Frankford. We had to provide, up and above the collateral of our company -- my brother and I -- from outside sources, 100 percent guarantees on our work in process funding. So we are in need of high guarantees. That is the one thing.

The second thing we need is-- One of the things that EDA told me was that they were concerned about creating something for a separate industry. They like to do things on the overall picture. The rationale was that if they do it for one industry and the money isn't used that is set aside, it sits there and they can't use it. Our answer to that is that we, you know -- we just have a short window. This can be a two-year program. Anybody who doesn't apply in two years, it could go, you know, because we just have to get up in that year- to two-year period and get back to where we were.

I tried to give you a statement for the Viking Yacht Company just as an example to show you the amount of money that was lost to the State. I show you the peak year of 1990, the low year of 1992, and the projection of 1994. You can see the dramatic drop in sales. We hit $98.9 million in 1990, and then went to $12.8 million in '92, and we are projecting to come back to $40 million this year, if we can get some assistance. You can see where our employment went from 1451 people down to 60 people. We are back to 257, and we are hoping by the end of 1994 to be at 500 people.

Then it goes on to show what the wages were. The interesting thing is, State Unemployment taxes that we paid were $223,000, and the State income taxes -- our income tax and that of our employees -- $1,157,000. That was all lost. Okay? Then if you look down and see what the Unemployment benefits were, the State had to pay out almost $3 million over those three years in Unemployment benefits. They just picked up our payroll. In 1992, the reason that number was so low is because people ran out of Unemployment benefits. But anyway, I wanted to give you those numbers.

I can tell you that there is an urgency to our situation. We are now in the selling season. If we get the orders we think we are going to get, the major issue is, are we going to have the money to meet the payrolls, to buy the materials to build those boats? If we do, that is going to be a strong factor in getting us back on our feet. It will allow us to come in with financial statements that show profitability, and be able then to be more acceptable in the banking community. So time is a major factor in our situation.

There are a couple of people here I wanted to show you. Kathy (speaking to Ms. MacCausland in the audience), I have a couple of people here who are former employees who have lost their jobs. We are trying to bring them back. Who do you have here, Kath?

K A T H Y H E A L E Y M a c C A U S L A N D, ESQ.: (speaking from audience) I would like to bring Ruth Hilbert up. Ruth worked at Viking Yacht, and she has been unemployed -- and is still unemployed -- for three years.

MR. HEALEY: Come up here, Ruth. Sit here.

SENATOR KRYILLOS: Welcome, Ruth. Why don't you just, for the record, introduce yourself?

R U T H H I L B E R T: I am Ruth Hilbert.

MR. HEALEY: And where do you live, Ruth?

MS. HILBERT: I live in New Gretna.

MR. HEALEY: How long were you in the employ of the Viking Yacht Company--

MS. HILBERT: Unemployed?

MR. HEALEY: In the employ of the Viking Yacht Company before you were unemployed?

MS. HILBERT: Four years.

MR. HEALEY: What did you do at Viking?

MS. HILBERT: I was in the computer room date entry group.

MR. HEALEY: What is your family situation? Do you have any children, are you married, or what is your--

MS. HILBERT: Well, my husband has been at Viking for 25 years.

MR. HEALEY: Right.

MS. HILBERT: He was laid off, and I was also laid off. He has been called back; I have not, for the last three years. We have three kids. It's hard. I don't get Unemployment or anything now. It's really hard.

MR. HEALEY: Right. We are hoping to get you back, Ruth. Thank you very much.

Does anyone have any questions? (no response)

SENATOR KRYILLOS: Thank you for joining us, Ruth. Good luck. We are going to do what we can to help Bob to help you.

MS. MacCAUSLAND: We have Bill Loder, who proudly has his Viking I.D. on, because today is his first day at Viking -- I should say his first day back.

MR. HEALEY: Come on over here, Bill. How are you? How are you doing?

W I L L I A M L O D E R: Fine.

MR. HEALEY: How long have you been with us, Bill?

SENATOR KRYILLOS: Bill, will you state your name, please?

MR. LODER: My name is Bill Loder. I live in Atlantic County, Hamilton, New Jersey.

MR. HEALEY: When did you start with the Viking Yacht Company?

MR. LODER: I started in '89, and I was laid off in '91.

MR. HEALEY: In '91?

MR. LODER: Yes.

MR. HEALEY: And what do you do with us, Bill?

MR. LODER: I am a finish electrician.

MR. HEALEY: Right. You have been called back?

MR. LODER: Yes, today is my first day -- the first day of May.

MR. HEALEY: Very, very good, Bill. Do you have a family?

MR. LODER: Yes, sir. I have one married daughter and two grandchildren. I have a son who is in his senior year in high school. He is getting ready for college. My youngest daughter is right behind him in tenth grade, so I'm looking at the fact that-- I am looking at educating the kids. You know, they are all ready to go to college here. We're not talking pennies. They have to go to college next year, so we're looking at college funds, because you have to come up with big bucks to send your kids to school. They can't make it if they don't have an education.

MR. HEALEY: What kind of rate do you make at the Viking Yacht Company?

MR. LODER: In dollars?

MR. HEALEY: Yes.

MR. LODER: I think I am compatible.

MR. HEALEY: No, I mean how many dollars, not for that reason.

SENATOR KRYILLOS: Bob, he may not want to disclose his salary.

MR. LODER: I make $9.50 an hour.

MR. HEALEY: I just wanted you to-- Okay. Bill, we appreciate it.

MS. MacCAUSLAND: One point, I think. I met Bill on Monday--

SENATOR KRYILLOS: Why don't you join us at the table, to keep things orderly?

MS. MacCAUSLAND: (complying) If you don't mind.

MR. HEALEY: This is Kathy Mac, from the Viking Yacht Company.

MS. MacCAUSLAND: Hi. Bill and I spent some time together on Monday. My heart has to go out to Bill because-- Bill, can you tell us what you did for the last two and a half years while you were unemployed? It is an interesting perspective.

SENATOR KRYILLOS: I know you are the general counsel for Viking Yacht, but please introduce yourself so that our transcribers, when we do the official transcript, will know how to identify you.

MS. MacCAUSLAND: All right. I am Kathy MacCausland -- I should say Kathy Healey MacCausland. I have been with the Viking Yacht Company for eight years.

SENATOR KRYILLOS: Very good.

MS. MacCAUSLAND: I was also personally affected and furloughed for a short time in my own family business, so--

Bill?

MR. LODER: In a way, she is absolutely right. What happened was, when the luxury taxing came on, Viking was jockeying to try to keep as many people as possible. They had put me out on furlough. When I say "furlough," they make sure that everything went well. They paid my insurance; kept me up to date with everything that was going on; called me back as soon as they could, within a reasonable amount of time.

New Jersey State Library

It has been almost two years since I have worked for them. This is the first place that I really wanted to come back to -- to go back to work for. I was laid off with them on a permanent layoff, after they finally did lay me off. They called me up on the phone and said, "Would you go up to Trenton with us on a bus thing to protest the 10 percent sales tax to the government?"

MR. HEALEY: The luxury tax.

MR. LODER: The luxury tax, right.

Now, I think we are all pretty familiar with the fact that any employee/company relationship is that when you are finished as an employee, you are out the door; you're history; you're gone. The employee does not want anything to do with the company; the company does not want anything to do with the employee. I don't feel that way toward the company, and the company did not feel that way toward me, which kind of shows you the relationship the company has with the employees they have. They try to build a decent-- Even now they are trying to tell you-- They are trying to make employment and give a decent life and a reasonable living to the people they employ.

Now, I have already stated that I make $9.50 an hour. Certainly, it is not a lot of money, but it is certainly not pennies either. Everyplace else wants to hire you part-time, pay you minimum wage, with no benefits, no kind of a package whatsoever. So you have a legitimate industry here that is willing and wanting to put all the people it possibly can back to work to boost its own economy, as well as the economy of the State of New Jersey, and of the country, because a lot of these boats go overseas. This is money coming in to us, into our country, and into our State. It is helping the economy in our locality. What better kind of economic piece do you want-- What bigger bang do you want for your buck?

I mean, there is just no way to do it. These people here have, I'll say, the honor and the integrity to go ahead

and do it. I am not saying that because I work there. I am saying that because I am reemployed there. I see them trying to bring people back; trying to do the things that have to be done, and it is best for everyone. Not just them, but for everybody.

SENATOR KRYILLOS: Senator Ciesla?

SENATOR CIESLA: My only comment is that Bill is a very effective advocate for your company and what you have tried to do. I see Brad Brewster squirming over on the side. (laughter)

MS. MacCAUSLAND: Bill traveled to Florida with his family. I think this is a perspective to try to take on this.

MR. LODER: Well, when the sales tax came into effect, like I said, they were trying to keep everybody working. I figured it was just inevitable that the ax would hit me, too. They let people go that I felt were better than me before they let me go. I don't know why. Maybe their perspective and mine didn't coincide, but they kept me as long as they possibly could, I felt, even longer maybe than they should have.

I figured, okay, I knew there was nothing in New Jersey. All the industry was down; all the building was down. What should I do? So I said, "Okay, if I get laid off from Viking, I'll pack up," and we went to Florida. We bought a place down there and tried to make a living down there. Everyplace down there is minimum wage, part-time. No one wants to hire you. I mean, I am skilled, but semiskilled. I am like most normal, average guys. You are looking for a decent job where you can make a living. You are not trying to make a million dollars a year. You are just trying to get along.

This was the best shot, when I heard that Viking was opening up and trying to get things back on the go again. There were other circumstances that helped along with it, but as soon as I heard that, I said, "Well, I have to get back up there and try to get back in again." This is unknowing to

Kathy or Mr. Healey, but my friends know that I just got the job back, because I told them. I said, "On Monday I went in, had the interview, and the Personnel Director told me to come into work on Wednesday." That quick, four people that I know had already come to me and asked me if I could get them an application -- in one day, one day -- because they all know it is the only way to really make a decent living.

Now, you know, we talked about unemployment. I was speaking to someone about it on Monday up at-- I don't know whether it was a Senator, or whatever. There are more people unemployed than the government knows. When you are unemployed, you wouldn't believe how many people you know are unemployed. There are more people unemployed than there are working. When you are out there and you really don't have a job, and you have no income, you have no Unemployment coming in, you will find there are four or five other people on the same block with you who don't have a job and don't have any Unemployment either. You know, you don't see this when you are working, because you don't see these people. You're working; you're out; you're doing what you are supposed to be doing. There is nothing wrong with that, but you do not see the people who aren't there. They are invisible.

This would put a lot of people back to work. I mean, I have only spoken to Kathy. I don't totally know what the bill is about. I am not promoting any particular Senator or party or anything like that. But if it is anything like she seems to indicate to me, with the information I have gotten just in the couple of sessions I have heard, if they can put that many people back to work in New Jersey, that would be just wonderful.

SENATOR KRYILLOS: Thank you, Bill, very much.

Are there any questions from the members of the Committee -- either Committee?

ASSEMBLYWOMAN HAINES: I just want to say, Bill, that I am very happy you got your job back.

MR. LODER: Thank you. So am I, so is my wife, my relatives, my friends, and everybody else, believe me. You would not believe how ecstatic they are.

ASSEMBLYWOMAN HAINES: Very good.

SENATOR KRYILLOS: You are a very effective advocate, as Senator Ciesla pointed out, for your industry, and really let us know the human dimension involved when an industry like the boating industry crumbles before our eyes.

Bob, any final comments from you?

MR. HEALEY: I would just like to--

MS. MacCAUSLAND: We have one other woman--

MR. HEALEY: Do you?

MS. MacCAUSLAND: --with us from our plant.

SENATOR KRYILLOS: Very briefly, because--

MS. MacCAUSLAND: Yes, if you don't mind.

MR. LODER: Thank you.

SENATOR KRYILLOS: --we have a number of witnesses, and I know some members are going to have to leave before too long.

MS. MacCAUSLAND: Judy Ott?

MR. HEALEY: How are you doing? How are you?

J U D Y O T T: Good.

MR. HEALEY: Good, good. What is your name?

MS. OTT: My name is Judy Ott. I won't take up much of your time.

MR. HEALEY: That's all right, Judy. How long have you been with the Viking Yacht Company?

MS. OTT: I was with Viking for four years before I got laid off for two years.

MR. HEALEY: Right.

MS. OTT: I am a single parent; I have three children.

MR. HEALEY: What is your status now?

MS. OTT: I am back at Viking.

MR. HEALEY: Right.

MS. OTT: I am doing a lot better. You know, I am really happy to have my job back. I know there are a lot of people who would like to have their jobs back because their Unemployment has run out. You can't pay for your house, your car, your food, or take care of your children without money.

MS. MacCAUSLAND: Judy, how long did you go without health insurance for your family?

MS. OTT: I would say for about a year and a half.

MS. MacCAUSLAND: You were fortunate that you had no--

MS. OTT: I was really lucky, thank God.

MR. HEALEY: Thank you, Judy. Thank you very much.

SENATOR KRYILLOS: Thank you for being with us and sharing your story as well.

MR. HEALEY: The bottom line -- I would like to tell you very briefly -- is this: We had two plants. We had 700, 750 in each plant. One in St. Petersburg and one in New Gretna. We had to make a judgment: Do we move it south to St. Petersburg, where you have all the sunshine and you can work outside and do a lot of things? My brother and I did a lot of soul-searching, and we opted to bring our whole operation in St. Petersburg here to New Jersey, and consolidate in New Jersey. We have a lot of confidence in New Jersey. We were born here; we were raised here. We believe in New Jersey. That is why we're here.

I want to thank you all very much.

ASSEMBLYMAN GIBSON: Mr. Chairman?

SENATOR KRYILLOS: Yes, Assemblyman?

ASSEMBLYMAN GIBSON: Before Mr. Healey leaves--

In the period of time that the Federal luxury tax was in place, do you have a rough idea how much was paid to the Federal government because of your sales?

MR. HEALEY: I can tell you-- I don't have numbers. The only thing I can tell you--

MS. MacCAUSLAND: It was about $23 million, roughly.

MR. HEALEY: That's the whole industry. But I can tell you this, the IRS told me in Washington that it cost more to structure the collection system and put it into play than they collected. What they did down there when they passed this thing-- They set up this big deal where they were going to collect all this money, and they collected 10 percent of what they expected to collect.

ASSEMBLYMAN GIBSON: I would just like to make a point based on what Viking Yacht has provided us: The State of New Jersey, in the two-year period -- three-year period, paid out over $3 million just in Unemployment benefits.

MR. HEALEY: That's right.

ASSEMBLYMAN GIBSON: Thank you, Mr. Chairman.

SENATOR KRYILLOS: Bob, thank you.

MS. MacCAUSLAND: The last person we have is our Mayor, Richard Bethea, of New Gretna.

SENATOR KRYILLOS: Welcome, Mayor.

M A Y O R T. R I C H A R D B E T H E A: I will make it brief.

SENATOR KRYILLOS: Is there anyone else from Viking that we didn't have on the list? (no response)

I want to let the Mayor say a few words.

MAYOR BETHEA: Mr. Healey has gone over statistics. I have seen the statistics, and I have worked with them. I am a certified finance officer of two other towns, and I am constantly churning numbers. The numbers that affect me the most are, obviously, Viking Yacht's. They pay over $100,000 in taxes every year -- property taxes. When things are rolling and you have 500, 600, 700 people going through the center of our town-- I don't know if you know New Gretna. Bass River is

real small. We just got our first traffic light this year. It took us 10 years, but we got a traffic light.

We have little mom-and-pop businesses in town. We have gas stations. We have a little deli and the owner spent a lot of money remodeling his store, enhancing the inside, and his improvements added to the tax base. All of a sudden, between a combination of the recession and the luxury tax, bam, we're down to 25 or 30 employees.

Viking has been a contributor to the community and participates in recycling processes and programs for the children. We take kids through the plant. Once a year, we take the fifth and sixth graders through. We are proud of what they produce at that factory. We had a couple of years where we couldn't take them through. It was embarrassing to walk through the plant. When you walked through the plant, it was like a ghost town.

Now, personally, my brother works for Viking. He hasn't worked there as long as I have been involved. I was elected in 1976, so I have been watching Viking for a long time. My brother is divorced. He has three children. Obviously, he makes child support payments. He was one of those unemployed. He was out of work. He was on Unemployment. His child support wasn't getting paid, so his wife was up there with the children collecting public assistance. They couldn't get any pennies from him, because he didn't have them. Fortunately, he is back to work now, and contributing to his child support. Hopefully, the State won't have to keep throwing that money out.

But the big impact on the municipality itself is the other businesses. When Viking has-- I started looking at it from a finance officer's point of view, saying, "What would happen if Viking had to close down?" That was very close to reality. We had a lot of other manufacturers that couldn't hang on. I give a lot of credit to this one that has been able

to hang on by the skin of its teeth, to be able to come back and start building boats again.

Right after Viking's employees went down to almost nothing-- The New Gretna House used to be a historic landmark in town. It is owned by the FDIC now. The IRS took a lien against their liquor license and auctioned it off. They're closed. The bakery across the street relied on traffic through the middle of town. They're closed. It's empty; it's boarded up. The bank-- Now, part of it-- The First National Bank of Toms River had a lot to do with it, but the bank on the corner, if you had 700 people coming through, a certain number of them doing payroll, and Viking working with them-- That money is not there anymore. They closed down. It's vacant. There is nothing in it. The center of my town looks like a ghost town.

The public comes to me and says, "What are you doing about it?" What can I do about it? My first thing is to beg and grovel and do whatever I have to, to get Viking back on its feet at full strength, because when you have that many people working there and they are putting money back into the local economy, these other businesses are going to find it attractive to expand, to come back, to start operating again. Right now it is like a ghost town. We have a traffic light-- They did a survey when Viking was full strength. Now we have nobody coming through the middle of town, you know.

I would like to have 600, 700 people working there again. Anything that this group here can do to get that bill moving is certainly going to help every town that has a yacht manufacturer trying, scraping, and clawing to get back on its feet. They just need a little spark, just a little something to get them going. I have faith in these people. I have worked real closely with these people over the years, and I hope to continue that.

They're motivated, but motivation doesn't get it. You have to have a little capital. A little capital can go a long

way with the right people. I think the boat building industry in New Jersey is the right people to get that capital, because they can turn it around quickly, in the fastest way possible, to get people back to work.

SENATOR CIESLA: My only advice to you is to keep the traffic light. You are going to need it again.

MAYOR BETHEA: I hope so.

SENATOR KRYILLOS: Thank you, Mayor, for turning a light on for us, and for your very persuasive comments.

Bob Healey, thank you for your whole array of speakers, a very persuasive group. I only wish the United States Senators and members of Congress who voted for the luxury tax could have heard all of this and realized what they have done to an industry and to a lot of people. We congratulate you, citizen number one in the country, assuredly, for getting rid of that luxury tax, for repealing it.

Assemblyman LoBiondo?

ASSEMBLYMAN LoBIONDO: Before we hear from the next speaker, Bob, I would like to join with my colleagues in thanking you for being a tireless advocate on behalf of the industry. Certainly, I do not think we would have been able to get to the point where we are today without you. We all recognize that. Thank you very much.

We especially thank you for the faith you put in the State of New Jersey. We will try to make sure your faith was not ill-placed.

Next I would like to call John Leek, from Ocean Yachts.

J O H N E. L E E K, III: Again, I would like to welcome all of you here to one of Ocean Yacht's -- I'll call it an auditorium. Five or six years ago, we would not have been able to hold this meeting here, because probably 125 or so people would have been working in this building alone.

I have been very interested in Mr. Healey's approach to this whole thing. It started out as the repeal of the

luxury tax. We finally got that accomplished. Mr. Healey did an excellent job with that. Now we need to shift gears a little bit to get the industry back up to speed, so to speak, to get people employed and get back to where we were four or five years ago.

You all have a copy of a letter, I believe, in your correspondence there from Ocean Yachts, which I wrote yesterday. The boating industry is a very close-knit fraternity. We are all in competition together. We all respect each other for that, but we all respect each other's interest. We realize that this is an interest that is collectively good for everyone.

Our industry has been attacked, I think, by three main issues. This will get repetitious also, but they are: the general economy, banking, and the luxury tax -- in my opinion. The economy hurt us all. We were used to going through normal economic slowdowns. The banking industry affected the nation, as far as everyone's lending and borrowing capabilities were concerned. Then the luxury tax, of course, was the coup de grace, so to speak, as far as the boating industry was concerned.

I have put together some numbers here that represent Ocean's gross sales and salaries for what we considered our best year, what we considered our lowest year -- which was Fiscal Year 1992 -- and what I would consider a reasonable projection for 1994. I don't want to blow smoke, saying that we are going to do better than this, but I think what I have put on paper is truly attainable.

Ocean is a little different than some of the other manufacturers, Viking being what I consider competition. Viking's approach -- and Mr. Healey could have testified to this on his own; I don't mean to put words in his mouth--

MR. HEALEY: No, you go ahead.

MR. LEEK: All right. Viking's approach to manufacturing is, everything that they can physically or possibly manufacture in-house, they do. They feel-- Again, these are my comments, but they feel that is a benefit to them because they then have hands-on quality control, finding their sources for material and building the things themselves.

The approach at Ocean Yachts has always been to sublet to other manufacturers things that can be sublet to other manufacturers, whether it be bowel rails or cabinetry work, after we at Ocean Yachts make the first set of bunks, or TV cabinet, or galley. So we work very closely with a number of major suppliers. Where our employment-- On a dollar basis, we do not employ as many people here at Ocean Yachts for the same dollar volume that Viking does. We employ many other people in other areas. Our cabinet people-- Where Viking may have 60 or 70 or 100 people in their mill, we have 10 or 15, but our cabinetmaker in Egg Harbor has had a high of, like, 45. All right?

So they are not directly employed here at Ocean Yachts. Some of our major people are P. J. Reinhard and Sons in Egg Harbor City -- the cabinetmaker I was just talking about -- and the Mahogany Company. You all just got a piece of paper from the Mahogany Company. I asked that to be done by them, and they got it here in time for the meeting. They are the fiberglass supplier. They kit. There are paper patterns for all the fiberglass that goes into a boat. It is no different than taking out a pattern to sew a dress. It is the same thing. They kit, cut, and supply us with all the fiberglass materials that go into a boat. If I don't order boats, they don't need the people there to cut the kits for me. That goes right along with the resin they supply and all of the other things -- the gel coat, the finishes, the acetone, and everything. When we come back the jobs are three or four to one, at least, in other industries in the area.

I can only say, in closing -- because I don't want to be long-winded; I think you are much better off if you hear from a few people -- that the numbers I have here are real; they are doable. The mahogony company's numbers are there before you. I have asked Johnson & Towers to also supply some numbers. He is here -- Dick Toone from Johnson & Towers. He will also supply you with some work -- some paperwork on their situation.

Funding is necessary. The banking problem is no different for me than it is for any of the other manufacturers. We're here; we can build product. We can go forward very easily with an industry that will grow again quite nicely over the next few years, with just a little bit of help.

Thank you very much.

SENATOR CIESLA: Thank you.

MR. HEALEY: John's remarks are very accurate. I agree with everything he said about how they subcontract out and we do it in-house. It is just a question of policy.

ASSEMBLYMAN LoBIONDO: Thank you, John.

I would like to acknowledge Eric Smith, from the Silverton Marina, who is here to join us today. Eric said he won't come up to testify, but he has submitted data to us that reflects, certainly, what we have seen from promotion in Viking as far as the peak and the numbers, and the employment and unemployment. Thank you very much for your support in joining us.

SENATOR KRYILLOS: Thank you, Mr. Chairman, and thank you, John Leek, for your testimony and, once again, for hosting us here at Ocean Yachts. This is a very appropriate place to have a hearing, right here in this hanger. I'm glad it is still here to have a hearing in.

Let me now call up, from Jersey Yachts, Mr. John Dalton.

MR. HEALEY: John Dalton is closing a boat this morning.

SENATOR KRYILLOS: Okay. That's good news.

MR. HEALEY: He called me. It is one of the few boats, so he is at his plant closing a boat. So you can skip him, but there are--

MS. MacCAUSLAND: (speaking from audience) There are some other gentlemen here.

MR. HEALEY: Dick Toone is here from J&T. You can take him in John Dalton's place.

SENATOR KRYILLOS: Well, we have some people signed up. This is a gentleman from Jersey Yachts?

MR. HEALEY: No, he is from Johnson & Towers. They're engine people who supply all the engines.

SENATOR KRYILLOS: Very good. Welcome. Would you like to--

MS. MacCAUSLAND: (speaking from audience) They are the largest vendor in dollar amount.

MR. HEALEY: They supply all the marine engines to the boat builders.

SENATOR KRYILLOS: Please state your name and your affiliation once again for the Committee.

R I C H A R D T O O N E: I am Richard Toone. I am the General Service Manager of Johnson & Towers.

We do not build boats, but we have been involved in supplying engines and parts to the boating industry since 1926. We are also located in Burlington County, which is a little far from here. But to give you some idea of how important this legislation is to us, I can give you some figures on how the tax affected us.

Our peak year for the selling of marine diesel engines to the industry-- In 1988, we delivered $32 million worth of engines. At that time, we employed 70 people between engineering, purchasing, and production to deliver those

engines. As a downturn plume, we slid over from manufacturing to having to produce and supply to the industry a factory-made package. Our low is today -- 1993. We are down, at this point, to $5.5 million in gross sales by the time this year is done. We do that with only seven people. So we went from 70 to seven to supply this industry in this downturn.

We are also going to give an upturn in our forecast for 1994. It is reflective of the industry; it is reflective of the release of the sales tax. We have seen -- and I monitor a number of boat builders -- an increase in their order board with that repeal of the luxury tax. I think these people need the assistance that can be given to them in order to do more business. I have been approached by every builder, and that includes many that are not only in New Jersey, but in New Jersey, with demands of: "How can we get financing? How can we get assistance to build boats?" None of them can just, out of their pockets, build boats. They need financing on the retail level, and they need also construction moneys.

The engine people have tried to assist where we can. It is a big industry, and obviously we cannot support that industry totally. But we have tried. They desperately need this money. It would be an advantage to them and to us.

I appreciate your giving me a chance to give this information.

I have a page that shows our figures, if you would like to have copies.

SENATOR KRYILLOS: Thank you very much. You can give that to a member of our Committee staff. He will make sure that we all get a copy.

Next we would like to call Jacques Henriques, from Henriques Boat Works.

MS. MacCAUSLAND: Jacques is not here.

MR. HEALEY: He went to Portugal. His father is quite ill there.

SENATOR KRYILLOS: Okay. Charlie Underwood, Egg Harbor Yacht.

C H A R L E S U N D E R W O O D: Good morning. I also appreciate having the opportunity to speak.

About 16 months ago, I was hired to take the job as President of Egg Harbor Yacht Company. Like all other principals in this room, I am not new to the boating industry. I have been in this business for about 30 years. Before coming to Egg Harbor, I was with Tourage and Yacht for 12 years, lastly as President of the company.

Egg Harbor Yacht Company, as you know, is located in Egg Harbor City, New Jersey. It was founded in 1946. It was founded by Russell Post, who also founded Post Marine, and C.P. Leek, who founded Pacemaker Yacht Company, and who is the grandfather of John Leek.

MR. LEEK: Great-grandfather.

MR. UNDERWOOD: Great-grandfather. Thank you.

Egg Harbor has one of the oldest, most respected names in the business. The company is known for building traditional quality cruising and sportfishing boats that range in size from 34 feet to 54, 58 feet.

While Egg Harbor has gone through several changes in ownership and some very difficult times due to the cyclical nature of the business, the company has continued to survive, while many other boat companies have come and gone. I attribute the company's relative success to the people who have built the fine product the company has consistently produced over the years.

Like most companies in the '80s, Egg Harbor experienced tremendous growth in sales and also in market share. During 1987, at its peak, the company employed 270 people and produced 127 boats, all over $100,000. In 1988, Egg Harbor was sold in a leverage buyout to an individual who is no longer connected with the company.

The company's fortune changed in 1990, beginning with the recession. The company filed for Chapter 11 as a result of the deepening recession. The former owners of the company, all experienced in the marine industry, repossessed and reorganized the company with a plan that was approved by the court in 1992. The shareholders now include: Peter and Walter Johnson, from Johnson & Towers -- which you just heard from; Donald Leek, who is the son of the founder of the company; and Rudy Leonard, our engineer.

I can tell you that finding financing through banks and other traditional sources to restructure the long-term debt and provide working capital proved to be impossible due to the reasons that have already been explained here.

Finally, after working with the New Jersey Economic Development Authority for two years, the New Jersey EDA was able to put together financing for Egg Harbor through a HUD Section 108 Program for $3.5 million. We are very fortunate. I am pleased to say that Egg Harbor closed on its loan about three weeks ago. We have completed the restructuring of the company financially and we have hired people back to work. We are very appreciative of all the support we received.

Assemblyman John Gaffney and Assemblyman Fred Nickles were also instrumental in helping us, and I want to thank them for that. Without the financing, the company would not be in business today.

During April this year, Egg Harbor began to produce boats again, and we are about to deliver our fourth boat to Hong Kong. At this point, Egg Harbor employs 25 people and we expect to employ about 50 by the end of the year. It could be as high as 90, depending on sales.

Our long-term strategy, though, is to keep Egg Harbor a limited production builder. The company is structured now so that it can break even and make a profit by producing less than 20 percent of what it produced at its peak. Due to its low

overhead, Egg Harbor should be able to weather the worst of the recessions and be highly profitable during the good years.

With the repeal of the luxury tax and the gradual end of the recession, there is opportunity for Egg Harbor, as well as all of our competitors, to grow sales and market share.

One of the major challenges that we all have is distribution. There are too few dealers to sell boats over $100,000 who can afford to stock large boats. With few exceptions, we have learned, over the years, that you can't effectively sell expensive boats without dealers, and dealers can't sell boats out of a catalog. It does not work. The customer needs to see the product; therefore, it is important for each dealer to be able to stock at least one boat.

The dealer is, in effect, the retail marketing arm for the factory. If there were no dealerships, or if the dealerships were unable to stock boats, then the factory would have no choice but to take over that responsibility. If the factory had to stock boats in order to sell them on a retail level, then it would take a far greater investment.

The dealers, like the manufacturers, have experienced several years of losses; therefore, they do not meet the qualifications of the lending institutions. However, the market for big boats sales is coming back. There are now more dealer prospects who have an interest in becoming a stocking dealer than there are those who have the means to do so. Dealers who do have financing today either have their own cash, a special relationship with a local bank, or they use private investors. Traditional, national floor-plan finance institutions have virtually abandoned the big boat business. They are concerned about their risk.

Although the floor-plan financing loan is to the dealership, the lenders depend upon a repurchase or remarketing agreement with the boat manufacturer in case the dealer defaults on the loan. If the lender determines that the boat

manufacturer has not been profitable in recent years -- and none of us have -- or does not have a strong balance sheet -- and not many do -- then the lender will not provide the financing.

The bottom line here is that Egg Harbor Yacht Company, and most other boat building companies in New Jersey, do not have the ability to attract national floor-plan finance companies. Without the benefit of national financing, Egg Harbor and other New Jersey builders will not be able to achieve their sales potential, and will not be able to hire as many people. So it is not just the working capital to build boats that we are talking about here.

With a national floor-plan financing agreement in place, Egg Harbor could increase its sales and employment by at least 50 percent. We have asked that the legislative package include a 90 percent loan guarantee from the State that could be used for floor-plan financing. In this way, the State would stand behind the boat manufacturer -- not the dealer, but the boat manufacturer -- in providing a guarantee that if a dealer defaults on a loan and the manufacturer is unable to repurchase the boat, then the State would be obligated to pay up to 90 percent of the price of the boat to the lending institution. The manufacturer would then be obligated to remarket the boat and repay the State with the proceeds. If there were a shortfall between the amount that the State paid the lending institution and the amount the boat is sold for, then the boat manufacturer would repay the State for that amount. The repossession rate by lenders during the last 10 years has been well below one-half of 1 percent, and the loss of principal has been very minimal.

For example, during the six years that I managed Tourage and Yacht, the company sold over 1200 boats totaling $180 million, and we repurchased only six. The company lost

considerably less than $100,000 on the repurchase of those six units.

I could go on and talk to you about this for more time, but fortunately for you there isn't more time. I think you get the idea that with national floor-plan financing programs in place, each of the manufacturers in New Jersey could expand their distribution networks and could hire more people. The manufacturers would not need to borrow money from the State unless there was a repossession by the national floor-plan lender and the manufacturer was unable to repurchase the boat. The need for long guarantees would only be temporary, until the industry fully recovered and the lending institutions felt more comfortable. The risk to the State would be minimal, but the benefits and increased employment would be great.

If you have any questions, I would be happy to answer them.

SENATOR CIESLA: Mr. Chairman, will that require an amendment to the bill, to take the loan guarantee to 90 percent? I think it will.

SENATOR KRYILLOS: It very well may take an amendment. I would defer to George.

SENATOR CIESLA: It sounds like something that may be necessary and we should consider, but it seems to be a deviation from what is contained in the legislation.

SENATOR KRYILLOS: That is an excellent suggestion. I'm sure the sponsor will entertain it as he listens to all the concerns and comments expressed today, with the hope, I think, of one omnibus committee substitute bill that will incorporate the best of all three of these bills today with other suggestions made.

MR. UNDERWOOD: Thank you.

ASSEMBLYMAN LoBIONDO: Thank you very much.

Next I would like to call Georgianna Gieser.

A L A N D A V I D S O N: I have to apologize to the Committee for a slight mixup in designating the speaker. You will have to--

ASSEMBLYMAN LoBIONDO: No problem.

MR. DAVIDSON: I beg your indulgence.

ASSEMBLYMAN LoBIONDO: No problem. Could you just identify yourself?

MR. DAVIDSON: You will have to suffer with me, instead of a pretty blond.

I am Alan Davidson of the Marine Trades Association of New Jersey, and I am here to support the legislation -- proposed legislation -- and of course, the plight of the boat builders. The Marine Trades Association of New Jersey represents the entire spectrum of the industry in New Jersey. Besides the boat builders, we represent the retail aspect of the industry.

Prior to the luxury tax, we had 18 major boat builders in New Jersey; 354 marinas which were capable of handling some 36,000 boats. We had 649 boat dealers, and 112 engine and accessory manufacturers. Altogether, we employed over 19,000 people, which makes New Jersey number seven in the United States in employing people in the marine industry. This translated into a payroll -- an annual payroll -- of some $393 million. The industry in New Jersey generates almost $1 billion in revenues. It is a major segment of the tourism industry. So this is the way we sat before the luxury tax came and the roof sort of, so to speak, caved in on us.

The immediate result, as you have already heard, was that we lost approximately 25 percent of our workforce, or some 4000 to 5000 jobs. This is across the industry. Our sales were off some 78 percent. We lost $100 million in payroll. In Brick Town alone, of some 26 marinas, we have currently six marinas that are in some stage of bankruptcy, receivership, or Chapter 7 distressed sale.

In my own business -- my own personal business, which is Green Cove Marina, we are a marina and a boat dealership -- we are off a full 50 percent in sales since 1989, which was the peak year for us. Our workforce has been reduced from 18 full-time employees to 10.

At the same time, because life goes on, while we were suffering this decrease in sales and so forth, we received a 400 percent increase in property tax over the past three years. So when you put the other factors together with what is happening in the industry, it paints a pretty black picture.

We are vitally interested in this legislation because as you shore up one portion of the industry, it is going to have a trickle-down effect, and the rest of the industry will benefit, certainly. So we are very anxious to see this go through because we feel that to bring this industry back-- I might point out that you may not be aware that the marine industry in the United States is one of the few industries that operated with a positive balance in payments. We were making money for the country until we got knocked in the head.

So it requires bold moves in order to bring the industry back, such as some of the other states have done. You may be aware of Rhode Island. They rolled back the sales tax for boat sales in order to generate and stimulate business. We feel this is a bold move that this legislation is encompassing. We are happy to see it, and we hope it goes through.

I thank you very much for giving me the time to appear.

ASSEMBLYMAN LoBIONDO: Thank you very much.

SENATOR KRYILLOS: Thank you very much, sir.

Let me at this point, before we bring up what I think is our final witness, mention publicly Chris Donahower, of "Power and Motoryacht" magazine. Many of you know him. I know Bob Healey knows him. I spoke to him this morning. Chris wanted to be here today. He wants me to extend his greetings.

extend his greetings. He was very active, along with Bob and others, in helping to lead the charge to repeal that luxury tax. He is a great booster of your industry, and he cares a lot about what we are doing this morning.

With that, let me now bring up Mr. Anthony Carracino, a candidate for the State Senate.

A N T H O N Y C A R R A C I N O: Good morning. My name is Anthony Carracino.

Chairmen Kyrillos and LoBiondo, members of the Committee: I stand before you today in support of doing everything we can to aid the beleaguered boat industry in New Jersey. We are still suffering the negative effects of the imposed luxury tax of the mid-'80s. Boat companies have been driven out of business, contributing, with other factors, to making New Jersey lead the nation in foreclosures and putting Ocean and Monmouth Counties at the top of that list.

I support -- I repeat, I support -- the concept behind the legislative package before you today. The Economic Development Authority has been a lifeboat for small- and medium-sized businesses here in New Jersey over the past few years, keeping them afloat in the wake of the riptide of national recession and a thorough boat tax. We must extend the EDA programs to the boat industry. To the extent that Senate Bill Nos. 2048, 2049, and 2050 do that, I support -- again I repeat, I support -- all three bills.

However, I would request minor amendments to the legislation. There seems to be some ambiguous language in S-2048 that could conceivably benefit a company that employs one of your Committee members. As the bill reads today, this Senator's employer would be eligible to apply for the loan program that his bill would create. That, in my eyes, and in the eyes of most rational people, constitutes a conflict of interest.

SENATOR KRYILLOS: Mr. Carracino, I am going to interrupt you right now and remind you that this is a legislative hearing that deals with some very specific bills.

MR. CARRACINO: Correct.

SENATOR KRYILLOS: It is not a candidate's forum.

MR. CARRACINO: I did not come here to politick.

SENATOR CIESLA: Mr. Chairman?

SENATOR KRYILLOS: Yes, Senator Ciesla?

SENATOR CIESLA: With your permission, I would request that Mr. Carracino be allowed to put his comments on the record, in that I believe it is important that we hear precisely what he has to say.

SENATOR KRYILLOS: Very good, Senator. Only at your request will we allow it; otherwise, we would have to rule Mr. Carracino out of order, because he has strayed from the legislation.

You may continue, Mr. Carracino.

MR. CARRACINO: I appreciate Senator Ciesla's consideration. Thank you, sir.

Respectfully, Mr. Chairman, I feel that offering an amendment to a particular section in the bill-- I don't really feel that that strays from it, but I appreciate it. Thank you very much.

SENATOR KRYILLOS: Please continue.

MR. CARRACINO: I would urge the Committee to look closely at the language of the bill, specifically at section 5.d., and find a way to clarify this ambiguous wording.

As the bill reads now, all boating industry companies would be eligible to apply and receive these loans. In truth, only qualified boat companies deserve to apply for these loans. Specifically, my point is that a perception exists concerning an apparent conflict of interest from a Senator sponsoring legislation from which his employer could derive direct benefits.

While he and others may contend that this is not the case, I direct you to Senate Bill No. 2048, page 3, section 5.d. I quote: "In evaluating a loan application submitted by a boat manufacturer, importer or distributor, as certified by the authority" -- the EDA -- "pursuant to subsection c. of this section" -- which has to do with loans -- "the authority shall place primary" -- not only, primary -- "emphasis on the applicant's record of profitability and financial stability prior to January 1, 1990, and on projection by the applicant, including the data and assumptions forming the basis thereof, of recovered profitability and financial stability over the term of the loan."

Now, I don't think I have to read that again, so we will skip that.

The last part, in a nutshell, would qualify every boat industry company in New Jersey -- and I do understand that you have your zones -- including the sponsor's employer, to apply for a loan which according to the bill could be up to five years.

I would respectfully request, from this Committee and all of its members, to please find a way to remove this conflict, or perceived conflict of interest, and then release these bills as fast as legislatively possible.

The boating industry is in agony. Please do not delay this lifesaving medicine for one more day.

Thank you very much for your time, and, Senator Ciesla, again, I appreciate your consideration.

SENATOR KRYILLOS: Thank you, Mr. Carracino. Let me repeat, were it not for the graciousness of Senator Ciesla, we would have had to stop this testimony. We do not inject political items into public legislative hearings.

With that, Senator Ciesla, I will turn it over to you.

SENATOR CIESLA: Thank you.

I have some questions of fact that I would like to bring up. First, I would like to just ask you: You do support the concept behind this legislation of providing loans and loan guarantees to boat owners?

MR. CARRACINO: Yes, I do.

SENATOR CIESLA: In your testimony, in the second paragraph, which I would invite you to look at, you indicate that we are suffering the negatives of the imposed luxury tax of the mid-1980s. What tax would that be? When was the luxury boat tax imposed?

MR. CARRACINO: When was it imposed?

ASSEMBLYMAN GIBSON: Mr. Chairman, could the witness speak a little louder, please?

MR. CARRACINO: Senator Ciesla--

SENATOR CIESLA: Very well.

MR. CARRACINO: --I did not come here to debate this bill.

SENATOR CIESLA: I understand that.

MR. CARRACINO: I did not come here to offer any kind of technical assistance to you in any way. I just came here as a concerned citizen, and in light of some of the things we did not agree on in the last few months, to express my opinions. I would just like the Committee to take them under consideration. That's all.

SENATOR CIESLA: Thank you.

I would like you to perhaps clarify for me a conflicting statement you have made. You indicated that the industry is suffering because of the imposed luxury tax of the mid-1980s. I will suggest to you that it did not occur at that particular time.

You seem to indicate now that this legislation should go forward. However, I have in front of me a press release which you issued on Monday -- and I would be more than happy to supply you with a copy of it, so that you can properly respond

-- which deals directly with this Federal imposed luxury tax. You attack me in saying, and I quote: "The boat building industry was hit hard during the recession. Why did Ciesla wait until August of 1993 to introduce the bill, months after L&H Boats, Inc. was open? He even has admitted that if the Federal luxury tax is repealed, he would still push this legislation through the Legislature."

Now, I would ask you to please try to reconcile those two comments, because it seems to me that you are indicating in that statement that there is no need for this legislation, since we now know that the Federal luxury tax of 1991 has been repealed.

MR. CARRACINO: Absolutely incorrect, Senator. I was quoting something that you said from the Asbury Park Press and Observer articles back in June.

SENATOR CIESLA: It seems to be that you are indicating that you do not support them.

MR. CARRACINO: Absolutely not. I support this wholeheartedly.

SENATOR CIESLA: Let me continue--

MR. CARRACINO: I would like to see this expedited.

SENATOR CIESLA: --with my question, please. You are currently--

MR. CARRACINO: Am I on trial?

SENATOR CIESLA: I'm sorry?

MR. CARRACINO: Am I on trial?

SENATOR CIESLA: You are currently running a commercial which, in part, says -- and I would like--

MR. CARRACINO: Does that have to do with this bill, Senator?

SENATOR CIESLA: Yes, it does.

SENATOR KRYILLOS: Let me just say, Mr. Carracino, we have heard your testimony. You made some very specific

comments and suggestions. I think the Senator is entitled some time right now.

MR. CARRACINO: Concerning that subsection, I agree, Mr. Chairman, if he would like to get right down to that section.

SENATOR KRYILLOS: Senator Ciesla?

SENATOR CIESLA: This is concerning, now, all three of the bills we have before us today. In a commercial which you are running -- and I am just going to quote from it again; the commercial is available if you wish to review it -- "In the political zone, politicians take care of themselves. So right after Ciesla's company got into boat building, he gave taxpayer loans to boat building companies." Now--

MR. CARRACINO: "He gave"? Oh, you are misquoting now. He introduced a lot of--

SENATOR KRYILLOS: Let Senator Ciesla finish, please, and then we will let you reply.

SENATOR CIESLA: Mr. Carracino, is it your testimony that the advertisement that you are now airing on cable TV states that I introduced legislation, or that I gave taxpayer loans?

MR. CARRACINO: Right now on the cable it says that you created a law.

SENATOR CIESLA: Did you ever air any cable TV ads -- on the air -- which indicated that I gave taxpayer loans to boat building companies?

MR. CARRACINO: I never aired anything. There was some kind of a typo, which was corrected after six hours of being on the air.

SENATOR CIESLA: Thank you very much for answering that you aired that particular commercial on TV.

MR. CARRACINO: We're still politicking now. Let's get down to the bill.

SENATOR CIESLA: I have one final question, please, if you would like to answer it.

MR. CARRACINO: Sure.

SENATOR CIESLA: You indicate in your testimony -- here at the bottom of the first page -- "As the bill reads today, the Senator's employer would be eligible to apply for a loan program that this bill would create."

Are you inferring that my employer, L&H Plumbing and Heating Supplies, Inc., is in the boat building business?

MR. CARRACINO: What we are inferring is that there are some questionable things, like this letterhead -- and I did not want to get into this -- that give the perception, or suggest that, yes, they are.

SENATOR CIESLA: So you have no facts that indicate that L&H Plumbing and Heating Supplies--

MR. CARRACINO: May I give this to the Committee? Mr. Chairman, may I submit this, please? Draw your own conclusions, okay? Respectfully again, sir, I did not want to get into this.

SENATOR KRYILLOS: Okay. Senator Ciesla, I know, has just another question or two, and we are going to move on to our next witness.

MR. CARRACINO: We can politick tomorrow, or later on.

SENATOR CIESLA: Mr. Chairman, for the record, I would just like to make a statement so we can clarify this particular situation.

MR. CARRACINO: I came here to clarify what you said, that I am against this bill; or you suggested that I was against this bill, or against working people, or that I dampened or damaged the chance of this passing. I want to make sure that every boat owner and person in this room knows that I am not against this bill. I will fight in every way, the hardest I can, to do everything I can for working people.

What you tried to suggest to the people was not true. I am personally offended. Do not speak for me.

SENATOR CIESLA: Mr. Carracino, I would like to correct myself. I am not saying--

SENATOR KRYILLOS: Thank you, Mr. Carracino. We are going to let Senator Ciesla reply, and then we are going to move on.

SENATOR CIESLA: I would like to make just one final comment: I did not come here today to do any such thing. I came here today to set the record straight. This legislation is too important to politick with.

The ads which you have run on cable TV -- and of which I have a copy -- simply distort the truth, and are jeopardizing this particular legislation.

MR. CARRACINO: That is your opinion, sir.

SENATOR CIESLA: Please, please. They are jeopardizing this legislation on behalf of the boat builders of New Jersey.

As I have indicated, L&H Plumbing and Heating Supplies never has been in the boat building business, and as I have indicated to you, L&H Boats -- a corporation of the State of Florida -- is owned exclusively by the son of the President of L&H Plumbing and Heating Supplies, Inc., and operates its business in Stuart, Florida. It is true that the father wants to help the son and does take correspondence at the store. It is a two-man operation in Stuart, Florida, and the father wants to help his son with his particular business. This corporation in Florida could never, ever be the beneficiary of any New Jersey-based program simply because it is located in the State of Florida.

For you to suggest otherwise is, in my opinion, a distortion of the truth. I believe it was necessary to set the record straight.

SENATOR KRYILLOS: Very good. We are going to stop it right there.

MR. CARRACINO: Chairman Kryillos, wait.

SENATOR KRYILLOS: Sir?

MR. CARRACINO: Am I entitled to a rebuttal?

SENATOR KRYILLOS: No.

MR. CARRACINO: I think he is misleading the panel and the people.

SENATOR KRYILLOS: I think you can carry it on at your candidates' forums and your debates to come in the next few weeks.

We thank you for your comments, and we are pleased that you support the package.

MR. CARRACINO: Wholeheartedly.

SENATOR KRYILLOS: Thank you, Anthony.

MR. CARRACINO: Thank you for your time.

SENATOR KRYILLOS: Thank you very much.

Let me just say to the assembly here, this is not typical for Trenton legislative hearings. In deference to the outstanding Vice-Chairman of the Senate Committee, we wanted to take a couple of moments to set the record straight from his perspective, and to get whatever we had to get out of the way so we can move forward with this package, which is absolutely essential -- or some derivation of it -- in order to get this boating industry back on its feet. That is what we are committed to do; that is the goal.

With that, let me call up who I think now is our final witness -- I know I said the preceding speaker would be the final witness -- and that is, Mr. Brad Brewster, from the prestigious Princeton Public Affairs Group, who has as one of his key clients the Marine Manufacturers Association.

B R A D L E Y S. B R E W S T E R: Just some final remarks: My name is Brad Brewster. My firm represents the National Marine Manufacturers Association. I want to just

follow up the testimony from a number of the boat builders, but, in fact, based on the last conversation, maybe I need to put some context into why we brought this bill to the Legislature.

It is now, I think, being circulated among the industry, a model Act, something that many states are seeking individually. As you all recall -- because many of you were there, and those who were not there were invited -- back in February we invited the legislative leaders along the shore -- and in a bipartisan effort we invited the executive branch -- to tell our story, to outline the need for some legislative effort, and to indicate that: a) We were going after the luxury tax at that point; and b), we were looking for some State assistance. We invited you, and many of you came.

With that we commissioned a study, which we had promised we would do, to outline the problem. Some facts and figures were brought to you today. In addition, we said we would offer some legislative ideas, some potential programs to be drafted into legislation, which I know Assemblywoman Haines introduced back before the summer.

So we brought those ideas to you; we brought those concepts, some of the specifics. We promised you that, and we promised that we would also give you some information on the desperate straits the industry is in.

I want to just thank this Committee for coming today -- coming down and traveling to Ocean Yachts to listen. Hopefully, we have outlined a program that however you finally put it together in a bill -- that would be, I guess, a Committee substitute at one point-- We need the help. I think that argument has been made.

I am a little disturbed about the politics that got into this, because as many of you know, as legislators, this was an extremely bipartisan effort. The executive branch has

been extremely helpful and very interested in this. That just doesn't help, and I am a little disappointed in that.

At this point, I want to thank the Committee, thank the Senator, and thank the sponsors for everything they have done to this point. Thank you.

ASSEMBLYMAN LoBIONDO: Brad, thank you.

Mr. Bob Healey would like to just make a few closing remarks and acknowledgements.

SENATOR KRYILLOS: Brad, let me just thank you for coming up. We thank you also for your assistance as we move forward to craft this package of bills.

Some final comments from Mr. Healey.

MR. HEALEY: (speaking off mike) We have some other people here from the industry and from different companies. We have Don Miller, who is a marine trader. He is from the Toms River area. Don, will you stand up for a moment? (Mr. Miller complies)

We have Craig Smith here, who is also from COBRA and also a marine trader; Al Young, from M.A.N. Engines; and--

UNIDENTIFIED MEMBER OF COMMITTEE: Bill, I don't think they are able to get it. Do you want to get closer to a microphone?

MR. HEALEY: Oh, okay. We have those fellows, and then we have Georgianna Gieser. Will you stand up? (Ms. Gieser complies) She is the Executive Director of the New Jersey Marine Trade Association.

I would thank you, folks.

MS. MacCAUSLAND: (speaking from audience) Also, Art Mercurio (phonetic spelling), from-- (remainder of comment indiscernible; no microphone)

MR. HEALEY: Oh, yes, Art is back there, from Villa Electric. I'm sorry, I missed Art.

I would just, again, like to thank you. You know, I don't know anything about the politics. The only thing I know is that--

SENATOR KRYILLOS: Well, that is irrelevant.

MR. HEALEY: We know that all of you people have been extremely helpful to us. We want you to know that. I know everybody in this business, and nobody has any interest in our companies except you people sitting up there, from the first time we met you. So thank you again.

SENATOR KRYILLOS: Thank you, Bob Healey, very much.

I will now call on Senator Ciesla for some final comments.

SENATOR CIESLA: Senator Kryillos, thank you for putting this forum together. I know we've got certain ideas that we can incorporate into a Committee substitute. I believe, as has been testified here, that this industry is on the rebound; that with a little jump start and the amount of funding and guarantees which these three bills seek to provide-- We will be able to provide the necessary jump start, so that an industry that has nearly sunk can again become afloat.

SENATOR KRYILLOS: Very well put.

Assemblyman LoBiondo?

ASSEMBLYMAN LoBIONDO: Assemblywoman Haines, do you have any closing remarks?

ASSEMBLYWOMAN HAINES: No. I would just like to thank the Committee for hearing this bill today.

As you heard from the people in the industry, and the comments they made with regard to the number of people they had employed, and the amount of money that was put into the State of New Jersey -- compared to what it was in '92 and now -- you see the importance of this legislation and what we are trying to do. It is bringing economy back to the State of New Jersey, not only just for boats. I mean, they talked about all the facets of the parts and everything that go into making one of the boats. It is not just the boat itself, which a lot of people do not realize. So you are affecting towns, as the

Mayor mentioned, regarding what will happen with the taxes that are brought into those towns, or the economy of the particular towns.

I think this is important. That is basically what we are trying to do. We are trying to help an industry that has brought a lot of money into New Jersey, as well as into the United States. This is something we are trying to do, and I just appreciate it. We are going to do our best to get this bill on the floor of the Assembly, get whatever amendments are necessary to get the bill moving -- get it on the floor of the Assembly as soon as possible after the election.

I just thank you all again. Thank you all for coming. Thank you to Ocean Yachts for allowing us to be here today.

MR. LEEK: You're welcome.

ASSEMBLYMAN LoBIONDO: Assemblyman Wolfe?

ASSEMBLYMAN WOLFE: I would just again like to thank, not so much the Committee members, but the individuals who testified today. This is a rather complicated topic. I think the testimony presented to us made it much more palatable. I think it is our job now to sell it to the rest of the Legislature. I think you have given us the ammunition we need.

In jest, really, I was talking to Assemblyman Gaffney. I would like him to know that the next time he comes to Ocean/Monmouth County, we will invite him to bring some of his Atlantic County politics with him so he can reciprocate.

Thank you.

ASSEMBLYMAN LoBIONDO: Assemblyman Gibson?

ASSEMBLYMAN GIBSON: Thank you for the testimony. It was very interesting. I think these bills will move rather quickly. I support them.

ASSEMBLYMAN LoBIONDO: Assemblyman Gaffney?

ASSEMBLYMAN GAFFNEY: This would never happen in Atlantic County, Assemblyman.

ASSEMBLYMAN LoBIONDO: I know; I know.

ASSEMBLYMAN GAFFNEY: I am shocked and aghast.

ASSEMBLYMAN LoBIONDO: Yes, I can tell.

ASSEMBLYMAN GAFFNEY: But I think, summing it up, it is more than the economy, stupid; it is the job, stupid. That is the biggest testimony we heard here today.

I am really proud of the people of Atlantic County, and I am proud of these bills. I will be happy to work for them.

ASSEMBLYMAN LoBIONDO: Okay. Thank you.

SENATOR KRYILLOS: Thank you, Mr. Chairman.

Thank you all very much. Thank you, Ocean Yachts, for hosting us.

(MEETING CONCLUDED)

APPENDIX

OPENING REMARKS

ASSEMBLYMAN FRANK LOBIONDO

OCTOBER 13, 1993

JOINT MEETING OF THE ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE, AND TOURISM COMMITTEE AND THE SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

THE BOAT BUILDING INDUSTRY IN NEW JERSEY HAS A HISTORY OF LONGEVITY. IT IS 200 YEARS OLD. I THINK IT IS QUITE APPROPRIATE THAT OUR PUBLIC MEETING TODAY IS BEING HELD AT OCEAN YACHTS IN EGG HARBOR SINCE THE FIRST ARTICLES OF INCORPORATION IN THE STATE OF NEW JERSEY (AS I UNDERSTAND IT) WERE FILED BY THE LEEK FAMILY WHO OWNS AND OPERATES THIS COMPANY. I WANT TO EXTEND MY GRATITUDE TO THE LEEK FAMILY FOR HOSTING THIS IMPORTANT MEETING AND TO MR. ROBERT HEALEY, CHIEF EXECUTIVE OFFICER OF VIKING YACHTS, WHO HAS BEEN VERY ACTIVE IN HIS EFFORTS TO REVITALIZE THIS INDUSTRY.

PRIOR TO THE ECONOMIC DOWNTURN, THE MARINE INDUSTRY EMPLOYED ABOUT 12,000 PEOPLE IN FACTORIES, VENDOR OPERATIONS, MARINAS AND THE LIKE. DUE TO AN ARRAY OF CIRCUMSTANCES, THE PRIOR HEALTHY WORKFORCE LEVEL WAS REDUCED BY MORE THAN HALF.

GETTING TO THE STATE OF NEW JERSEY'S ECONOMY - THERE HAVE BEEN SOME CONFLICTING SIGNALS. COMPARED TO THE STATE'S HIGH UNEMPLOYMENT RATE OF 9.1% IN APRIL OF THIS YEAR, WE HAVE SEEN THE UNEMPLOYMENT RATE DECLINE TO 6.9% IN JUNE AND JULY BUT EXPERIENCED AN INCREASE TO 7.1% IN AUGUST AND 7.7 % IN SEPTEMBER. THESE PATTERNS HAVE CAUSED MUCH SKEPTICISM AS TO WHETHER JOB RECOVERY HAS GOTTEN BACK ON TRACK. WE DO KNOW, HOWEVER, THAT RECOVERY HERE IN THE STATE WILL COME AT A SLOWER RATE THAN THE REST OF THE NATION. THAT IS WHY WE MUST DO EVERYTHING IN OUR POWER TO HELP VARIOUS INDUSTRY SECTORS THAT HAVE SUFFERED DURING THIS RECESSION. THERE'S NO DOUBT THAT THE LUXURY TAX ON BOATS IMPOSED AT THE FEDERAL LEVEL CAUSED A DRASTIC LOSS OF SALES AND THUS JOBS WITHIN THE BOATING INDUSTRY. THESE EFFECTS MUST BE REVERSED. LEGISLATION PENDING IN THE ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE AND TOURISM COMMITTEE SETS UP NEW EDA PROGRAMS THAT WILL PROVIDE CAPITAL TO MARINE RELATED BUSINESSES SO THAT THEIR EMPLOYMENT LEVELS WILL ONCE AGAIN START TO EDGE UPWARDS AND UNEMPLOYED INDIVIDUALS PREVIOUSLY LAID OFF CAN RETURN TO THEIR OLD POSITIONS.

MY COMMITTEE IN THE PAST HAS BEEN RESPONSIBLE FOR AMENDING AND RELEASING INNOVATIVE LEGISLATION ESTABLISHING PROGRAMS LIKE THE N.J. ECONOMIC RECOVERY FUND ACT WHICH HAS LEVERAGED PRIVATE INVESTMENT AND EDA BOND FUNDS TO MAKE BUSINESS LOANS, SUPPORT INFRASTRUCTURE, TOURISM AND CULTURAL PROJECTS. OUR COMMITTEE ALSO REPORTED THE NJ GLOBAL EXPORT NETWORK ACT WHICH FURTHER PROVIDES EXPORT FINANCING TO SMALL BUSINESSES USING SOME OF THE LOAN "GUARANTEE" CONCEPTS EXISTING IN A-2679, THE "BOAT INDUSTRY RECOVERY ACT OF 1993."

IN THE PAST, WE HAVE WORKED WITH EDA TO AMEND AND IMPROVE LEGISLATIVE LANGUAGE IN MEASURES THAT HAVE HAD AN IMPACT ON THE CREATION OF NEW JOBS AND BUSINESS EXPANSION. WE LOOK FORWARD TO DOING THE SAME ON THIS PACKAGE OF BILLS TO ENSURE THE PRACTICABLE IMPLEMENTATION OF WELL INTENDED LEGISLATION THAT WILL REVIVE THE MARINE INDUSTRY.

THANK YOU FOR TAKING THE TIME OUT OF YOUR BUSY SCHEDULES TO SHARE WITH US YOUR STORIES HERE TODAY.

ASSEMBLYWOMAN VIRGINIA HAINES

R E M A R K S

October 13, 1993

JOINT MEETING OF THE ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE AND TOURISM COMMITTEE AND THE SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

I WANT TO THANK ASSEMBLYMAN FRANK LOBIONDO AND SENATOR KYRILLOS, CHAIRMEN OF THE RESPECTIVE ASSEMBLY AND SENATE COMMITTEES, FOR HOLDING TODAY'S PUBLIC MEETING ON A VERY IMPORTANT SUBJECT - REVITALIZATION OF THE BOATING INDUSTRY. IT IS VERY APPROPRIATE THAT THIS LOCATION WAS CHOSEN SINCE IT EDUCATES THOSE OF US WHO DO NOT PERSONALLY WORK INSIDE THE INDUSTRY TO UNDERSTAND THE HARD WORK IT ENTAILS AND ITS CONTRIBUTION TO THE EMPLOYMENT WORKFORCE OF THIS STATE. I AM PROUD TO BE A SPONSOR OF A THREE BILL PACKAGE ALONG WITH ASSEMBLYMAN WOLFE AND SENATOR CIESLA THAT AIMS AT REVITALIZING THE INDUSTRY TO CREATE MORE JOBS AND HELP THIS INDUSTRY FURTHER EXPAND.

AS YOU KNOW WHEN THE FEDERAL EXCISE TAX, REFERRED TO AS THE LUXURY TAX ON BOATS WENT INTO EFFECT ON JANUARY 1, 1991, IT CREATED HAVOC AND ALMOST THE DEMISE OF THIS VERY IMPORTANT INDUSTRY IN OUR STATE. BUSINESSES THAT WERE HEALTHY FOUND THEMSELVES LAYING PEOPLE OFF FROM WORK AND WITH THAT THE HARD REALITY OF UNEMPLOYMENT AND THE LOSS OF STEADY INCOME CREATED SITUATIONS WHERE MORTGAGES COULDN'T BE PAID AND ALL THE STRESS

THAT ACCOMPANIES SUCH UNFORTUNATE CIRCUMSTANCES ON THE FAMILY UNIT. WHILE THE LUXURY TAX WAS RECENTLY REPEALED, THE EFFECTS OF THAT TAX WHICH CAUSED THE LOSS OF JOBS WILL BE FELT FOR A LONG TIME UNLESS WE HERE IN THE STATE AND NATIONALLY CAN ACT IN A RESPONSIBLE FASHION - WITH INNOVATIVE APPROACHES TO FINANCIALLY ASSIST THE BOAT BUILDING BUSINESSES THAT HAVE CREATED MANY JOBS HERE IN THE STATE.

THE BILLS THAT I HAVE SPONSORED ARE A FIRST STEP IN THE RIGHT DIRECTION. A-2767 CREATES A "MARINE ENTERPRISE ZONE ASSISTANCE PROGRAM", A-2768 AUTHORIZES THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY TO ISSUE BONDS FOR LOANS TO MARINE INDUSTRY BUSINESSES, AND A-2769 - KNOWN AS THE BOAT INDUSTRY RECOVERY ACT OF 1993", ESTABLISHES A PROGRAM IN THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY TO PROVIDE ACCESS TO CAPITAL FOR BOAT MANUFACTURERS, IMPORTERS OR DISTRIBUTORS IN THE STATE IN THE FORM OF LOANS AND LOAN GUARANTEES. UNDER THE MEASURE, THE AUTHORITY CAN MAKE DIRECT LOANS AND GIVE CREDIT GUARANTEES, IN CONJUNCTION WITH A CONSORTIUM OF PARTICIPATING BANKS, FOR EXPENSES INCURRED IN CONNECTION WITH THE OPERATION OF SUCH BUSINESSES LOCATED HERE IN THE STATE.

I LOOK FORWARD TO HEARING FROM REPRESENTATIVES OF THE BOATING INDUSTRY TODAY AND THOSE WORKING PEOPLE WHO HAVE BEEN EMPLOYED BY THE INDUSTRY. I ALSO PLEDGE TO JOIN WITH THE NJ EDA TO CRAFT APPROPRIATE AMENDATORY LANGUAGE TO IMPROVE THESE INITIATIVES. I URGE BOTH CHAIRS TO EXPEDITIOUSLY REPORT THESE BILLS AS I BELIEVE THEY WILL MAKE AN IMPACT - RESTORING JOBS THAT WERE LOST - AND HELPING THOSE WHO HAVE BEEN UNEMPLOYED GET BACK ON THEIR FEET AGAIN.

ASSEMBLYMAN DAVID WOLFE

REMARKS

OCTOBER 13, 1993

JOINT MEETING OF THE ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT, AGRICULTURE AND TOURISM COMMITTEE AND THE SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

THANK YOU CHAIRMAN FRANK LOBIONDO AND CHAIRMAN JOE KYRILLOS FOR SCHEDULING THIS MEETING TODAY. TODAY'S DISCUSSION FOCUSES ON A VERY IMPORTANT SECTOR OF THE STATE'S ECONOMY - THE BOATING INDUSTRY - AND WHAT WE IN THE LEGISLATURE CAN DO TO HELP THIS INDUSTRY GET BACK ON ITS FEET AS A RESULT OF THE RECESSION AND THE PAST IMPOSITION OF A LUXURY TAX ON BOATS.

I BELIEVE THAT THE PACKAGE OF BILLS INTRODUCED BY MYSELF AND ASSEMBLYWOMAN GINNY HAINES AND SENATOR CIESLA ON THE SENATE SIDE WILL PROVIDE THE TOOLS FOR THAT COMEBACK. BRIEFLY, A-2767 "THE MARINE ENTERPRISE ZONE ASSISTANCE ZONE ACT" PROVIDES FOR THE DESIGNATION OF ZONES IN TWO DIFFERENT COUNTIES IN WHICH ARE LOCATED BOAT MANUFACTURERS, IMPORTERS OR DISTRIBUTORS.

OF COURSE THE SELECTION WOULD PRECLUDE ANY MUNICIPALITY WHICH WAS PREVIOUSLY DESIGNATED AS AN URBAN ENTERPRISE ZONE. A DESIGNATED MARINE ENTERPRISE ZONE WOULD BE ELIGIBLE TO OBTAIN MOST OF THE SAME BENEFITS EXTENDED UNDER THE "NEW JERSEY URBAN ENTERPRISE ZONES ACT" NAMELY CREDITS AGAINST STATE CORPORATE TAXES IN RETURN FOR HIRING NEW EMPLOYEES, REBATES IN CERTAIN TAXES, SPECIALIZED TRAINING ASSISTANCE AND OTHER INCENTIVES.

THIS BILL SPECIFIES THAT BASS RIVER TOWNSHIP IN BURLINGTON COUNTY AND MULLICA AND EGG HARBOR OF ATLANTIC COUNTY AS THE FIRST THREE COMMUNITIES TO QUALIFY AS MARINE ENTERPRISE ZONES.

A-2768 ESTABLISHES WITHIN EDA, A SPECIAL NON-LAPSING REVOLVING "BOAT INDUSTRY LOAN FUND" WHICH SHALL BE CREDITED WITH THE PROCEEDS FROM THE SALE OF BONDS OR NOTES AND ANY OTHER MONIES THAT MAY BECOME AVAILABLE FOR THE PURPOSES OF THIS ACT.

I BELIEVE THAT THESE BILLS WILL REVITALIZE BOAT BUILDING BUSINESSES THAT HAVE SEEN THEIR EMPLOYMENT LEVELS DROP SO THAT THEY WILL BE HEALTHY ONCE AGAIN. THIS LEGISLATIVE PACKAGE IS A JOB CREATION PACKAGE THAT SHOULD BE ACTED UPON PROMPTLY.

REMARKS

ASSEMBLYMAN JOHN GAFFNEY

OCTOBER 13, 1993

IT IS UNFORTUNATE THAT IT TOOK THE DISASTROUS FEDERAL EXCISE TAX ON LUXURY BOATS, TO BRING ATTENTION TO THE VERY IMPORTANT ROLE THAT BOAT BUILDING PLAYS IN THE ECONOMY OF NEW JERSEY.

THIS INDUSTRY, WHICH ONCE EMPLOYED 4500 PEOPLE --- AND NOW EMPLOYS LESS THAN 600 PEOPLE --- IS TESTIMONY TO THE GHASTLY IMPACT THAT ILL-CONCEIVED TAX LAWS CAN HAVE ON THE LIVES OF REAL PEOPLE.

ALTHOUGH THE FINANCIAL BOTTOM LINE OF THOSE IN THE INDUSTRY HAS DIMINISHED SIGNIFICANTLY -- IT PALES IN COMPARISON TO THE HUMAN MISERY THAT THOSE WHOSE JOBS WERE ELIMINATED BY THIS TAX, ARE NOW BEING SUBJECTED TO.

THE BILLS IN THIS PACKAGE REPRESENT AN ATTEMPT TO JUMP-START AN INDUSTRY WHICH WITHOUT THIS HELP CANNOT GET BACK ON ITS FEET.

SINCE GOVERNMENT CRIPPLED THIS INDUSTRY IT IS ONLY FITTING THAT GOVERNMENT PROVIDE THE MEANS OF ENABLING THE INDUSTRY TO CURE ITSELF.

PX

THIS PACKAGE OF BILLS DOES NOT REPRESENT A HAND-OUT -- BUT A HAND UP -- WHICH WILL PUT REAL PEOPLE BACK TO WORK.

THIS VERY SPECIALIZED INDUSTRY HAS ALREADY LOST A NUMBER OF COMPANIES WHICH WILL NEVER AGAIN OPEN THEIR DOORS --- WE CANNOT WAIT AND WATCH MORE OF THESE VERY COMMITTED EMPLOYERS SEARCH FOR THE MEANS TO RESTART THEIR BUSINESSES, ONLY TO BE REJECTED BY TRADITIONAL LENDING PRACTICES.

I OFFER MY CONGRATULATIONS AND FULL SUPPORT TO THE SPONSORS OF THESE BILLS -- AND I HOPE THE BILLS WILL RECEIVE EXPEDITIOUS TREATMENT BY THE REST OF MY LEGISLATIVE COLLEAGUES.

WE MUST GET PEOPLE WORKING AGAIN!

Assembly Republican News October 12, 1993

CONTACT:
Assemblyman Frank LoBiondo
609-691-3004
Matthew P. McDermott
609-292-5339

MEDIA ADVISORY

LEGISLATIVE HEARING ON REVITALIZATION OF THE STATE'S BOATING INDUSTRY

The Assembly Economic and Community Development, Agriculture and Tourism Committee and the Senate Coastal Resources and Tourism Committee will hold a joint public hearing at Ocean Yachts Company, Egg Harbor, on Wednesday, October 13th at 11:30 a.m.

The focus of the meeting is to discuss the demise of the state's boat building industry due to the recession and the past imposition of the luxury tax and what, legislatively, can be done to revive it.

Expected to testify at the hearing will be representatives from various New Jersey boat building companies. They include: Mr. Bob Healy, Chief Executive Officer, Viking Yachts; Mr. John Leek, Ocean Yachts; Mr. John Dalton, Jersey Yachts; Mr. Jacques Henriques, Henriques Boat Works; Mr. Charlie Underwood, Egg Harbor Yachts, and Ms. Georgianna Gieser, Marine Trade Association of New Jersey.

#####

10X

SURVEY AND REPORT

ON

NEW JERSEY BOAT BUILDERS

WHO MANUFACTURE OR IMPORT BOATS
SELLING FOR OVER $100,000
AND
ASSEMBLE MARINE ENGINES
AND TRANSMISSIONS
FOR SAID BOATS

JUNE 1993

Survey and Report
New Jersey Boat Builders

Table of Contents

I. Participants 1

II. Industry History 3

III. Impact and Status of 10% Excise Tax and Recession 4

IV. Analysis
- Sales and Employment. 6
- Projection. 6

V. Job Training 9

VI. Ripple Effect on Employment and Community Impact. 11

VII. Export Background and Potential
- Background. 13
- Potential 14

VIII. Conclusion 16

Exhibits and Schedule:

Exhibit I -- Marine Employment-State of NJ Employment Drop of 89.3% 18

Exhibit II -- Unit Boat Shipments-Peak to Trough of Recession Cycles 19

Exhibit III -- Congressional Record. 20

Exhibit IV -- Marine Companies. 21

Exhibit V -- U.S. Boat Imports and Exports . . . 29

Schedule A -- Sales/Employment Analysis 30

I.

PARTICIPANTS

The following eight companies who participated in the survey are yacht manufacturers with the exception of Mountain Man Engines, which is an assembler of marine engines and transmissions; and Marine Trader, which imports, outfits and distributes large boats:

Viking Yacht Company
Route 9
New Gretna, NJ 08224

Ocean Yachts
PO Box 312
Egg Harbor, NJ 08215

Pacemaker Yachts
110 E. Cushman Avenue
Berlin, NJ 08009

Henriques Boat Works
198 Hilton Avenue
Bayville, NJ 08721

Jersey Yachts
PO Box 588
Lumberton, NJ 08048

Egg Harbor Yacht
PO Box 375
Egg Harbor, NJ 08215

Mountain Man Engines
2780 Hamilton Boulevard
South Plainfield, NJ 07080

Marine Trader/Miller Yacht Sales
PO Box 5300
Toms River, NJ 08754

The following three companies chose not to participate or seek state assistance:

Silverton Mainship
South Race and Riverside Drive
Millville, NJ 08332

Post Marine
100 Post Road
Mays Landing, NJ 08330

Johnson & Towers
Rt. 38 & Briggs Road
Mt. Laurel, NJ 08054

The survey does not take into consideration the individuals or companies that privately build or develop individual or customized boats that do not have a consistent presence in the marketplace.

The eight participating companies had peak employment in the 1987 to 1990 era of 2,254 employees. The three nonparticipating companies, during the same period, had total employment of approximately 1,250 people.

The primary reasons given why these three companies did not participate in the survey were their desire not to disclose financial information and a feeling that the state could not help them with their particular financial needs.

It is estimated that the eight participating companies build 65% of the large boats built in New Jersey.

II.

INDUSTRY HISTORY

The history of boat building of ocean-going vessels in New Jersey goes back to colonial times. The genesis of the industry comes from its bordering on the Atlantic Ocean and the need for vessels to travel and fish along the "Jersey shore".

The rugged waters of the Atlantic required these boats to be built with such quality as to weather the pounding of the ocean waves. They gained an outstanding reputation for their sturdy, determined, sea-worthiness and their uncanny ability to stay afloat in the hazardous storms of the Atlantic. These boats were known as the "Jersey sea skiffs". As time went on, they developed both a national and international reputation. Many a customer, knowing their reputation, would ask, "Is that a Jersey-built boat?"

The companies that build these boats are small, privately-owned businesses, most of which have been in business at least 25 to 35 years, and in many cases, are family-owned.

Ocean Yachts is primarily owned and operated by the Leek family, who has been in the big-boat business for many, many years. In fact, their family obtained the first corporation charter issued by the State of New Jersey and this was for a boat building company.

Viking Yachts has been in business for some 35 years and is owned and operated by the Healey family for the past 30 years.

This is the typical M.O. of the big-boat builder in New Jersey.

III.

IMPACT AND STATUS OF 10% EXCISE TAX AND RECESSION

The New Jersey boat builders for the period prior to 1991 generally showed good sales growth and profitability with a substantially stable work force.

In October of 1990, just prior to the Congressional election of November 1990, Congress passed the $500 billion Deficit Reduction Act imposing new taxes on the country. As a symbol to offset the adverse election political impact, they hastily inserted in this Act the infamous "Luxury Tax" on boats, airplanes, furs and jewelry, as well as expensive automobiles, to show the electorate that they were taxing the "rich". This was done on the eve of the most major recession this country has seen since the Great Depression of the 30's.

The impact on the big-boat industry was catastrophic. Over the three-year period the tax and recession have been in effect, the "rich" stopped buying boats and sales nationwide plummeted 73% and employment over 56%. Among the New Jersey boat builders, it was even worse. Sales dropped by as much as 87% and employment rose to a staggering 89.3%. (See Exhibit I.)

This 10% excise tax failed to produce meaningful revenue and cost nationally over 150,000 jobs and caused more than 100 marine companies to go out of business, sold by their banks, go into bankruptcy or some other form of financial reorganization. The 10% tax on new boats had more than a mere 10% arithmetical effect when combined with this major recession.

During the Arab oil embargo of the 1975-76 era, the industry sales dropped 47% and, during the 21% interest rates of 1980-82, the industry dropped off 35%. (See Exhibit II.) However, the industry survived and came back from both of these recessions. The industry in its history, however, has never seen the catastrophic effect of the combination of the excise tax and the recession.

All of Washington has acknowledged that the tax was a mistake and that it has devastated the big-boat industry. The repeal has been included in the Clinton Reconciliation Package on a bipartisan basis. This legislation was passed in the House on May 27, 1993. It is under a strict Reconciliation timetable and will be marked up in the Senate Finance Committee by June 18 and onto the Senate floor for passage before the July 4th recess.

Reconciliation is subject to specific rules. It is limited to 50 hours of debate in the Senate and therefore cannot be filibustered. Although there appears to be opposition to Clinton's package by conservative Democrats (but not repeal of the excise tax), a compromise on taxes and spending is being worked out. It is anticipated that the compromised package shall be passed and signed into law before the August recess.

A bipartisan move, led by Majority Leader Mitchell and Senator John Chafee in a formal poll of the Senate, has obtained approval of a freestanding unanimous consent bill to repeal the tax if the Reconciliation package should bog down. (See Exhibit III.) We are informed that the House will initiate such a bill if required for the Senate. President Clinton has given his full support, and the industry has been assured of repeal by the August recess.

IV.

ANALYSIS

Sales and Employment

The attached analysis (Schedule A) gives a code number for each company and shows their peak employment for the 3 years prior to the recession and the implementation of the 10% excise tax on new boats over $100,000 which began January 1, 1991.

The analysis further shows the lowest number of employees during the recession and tax years of 1991 through the present. These companies did not desire to have their 1987-90 peak sales, 1991-93 low sales, nor their projections individually, publicly disclosed. As a result, the sales figures in the survey are a combined total for all companies participating in the survey. The analysis further shows the combined present level of sales and individual company employment for 1993.

Projections

The projections for the five-year period from 1994 through 1999 basically perceives a return to approximately the 90% level of sales and employment of the prerecession period.

These projections appear to be both modest and reasonable based upon the following facts:

A. Economy and Tax Climate

The present status of the marketplace in the big-boat industry is that it has shown some consistency in sales over the past six months as compared

18X

to the up-and-down months of the pre-election era. The modest growth experienced most recently has leveled off, as is somewhat the condition of the economy as a whole.

In the boating industry, the cause of this stagnation is perceived as being twofold: a) Washington's inability to adopt a viable economic recovery package, which would reestablish consumer confidence; and b) the failure of the Federal government to repeal the burdensome 10% excise tax. It appears that the tax will be repealed by August 1993, retroactive to January 1, 1993.

The general assessment in the industry, from customer contact, is that consumer confidence will be restored by the passage of an economic package and repeal of the tax. As the lack of a sound economic program and the imposition of the tax caused the greatest downturn in the history of the big-boating industry, conversely the reversal of these issues--with a three-year penned up sales demand--will jump start the industry for the fall selling season that starts in September 1993.

B. All of these companies had employment levels in the 1987-90 period above those projected in the next five years.

C. A number of competing manufacturers have gone out of business as a result of the drastic downturn, and these New Jersey boat builders will be able to increase their market share.

D. Big-boat building is labor intensive, requiring skilled craftsmen, and has little susceptibility to automation.

E. These companies have in place plants, equipment, tooling, core management, supervisory personnel and key skilled employees, as well as

marketing and dealer organizations with established products that have good market acceptance.

F. Over the past three years of recession, quality used boats and new boats in dealer inventories have been cleaned out.

G. The recreational boating industry during the 1970's and 1980's has experienced a consistent, annual growth factor that is anticipated to continue through the balance of the 1990's.

H. The design, engineering and technology of building high-quality, big boats by production methods, as opposed to custom building, has been developed and nurtured primarily in the United States with some concentration in New Jersey, driving the American and European custom boat builder out of the 35' to 75' range, creating a greater market share for the less-expensive, high-quality production yachts.

V.

JOB TRAINING

Big-boat building in New Jersey is labor intensive and is unlikely to be replaced by automation because of the high-quality, sensitive nature of the products manufactured. The Jersey builders are yacht builders as opposed to boat builders. The distinction is in the higher level of design and technology, the quality of the parts and materials used, and the skilled craftsmanship that is required.

Manufacturing crafts required in yacht building are in fiberglass layup and mold making, installation of engines, generators, exhaust systems, sophisticated electrical, plumbing and air conditioning systems, entertainment and communication systems. Skilled painters, finish carpenters, carpet sculptors and installers and many other such crafts are also needed. All of these skills require trained craftsmanship.

Over the past three years of the downturn, many of these craftsmen have been spirited away by the casino and other industries that require these exceptional talents.

Even though here in New Jersey we may have a high unemployment rate, you will not find many of these craftsmen in those ranks. In the past years, many young people have sought the glamour of the computer and other high-technology industries, and many of the service-type jobs for which we now have a surplus of people. New Jersey has lost some old but basic crafts kin to the boating industry.

The typical pay scale for nonsupervisory employees in the boat-building industry ranges from $6.50 per hour, unskilled, to $12.50 per hour, skilled.

They are full-time, long-term jobs with good health-care plans, graduated vacations and pension plans. These jobs are not assembly-line type but are creative and challenging requiring a team effort. These people have pride in their work and are recognized as the builders of the finest luxury yachts in the world.

In the past, these areas of craftsmenship were heavily dominated by men. However, this trend is in transition and the boating industry is seeing more women coming into many of these crafts.

There appears to be many unskilled people in the labor force who have the basic aptitude for these jobs, but need to be trained. Boat building lends itself to on-the-job training by having a trainee work, as an apprentice, with a skilled craftsman who can teach, assist and monitor both aptitude and attitude growth of such apprentice.

The industry has also found that many construction-trade workers make excellent candidates for boat building jobs. Construction-trade workers, with their basic construction skills of carpentry, plumbing, electrical, etc., can be trained for permanent jobs in boat building as opposed to the often short-term, job-to-job employment of the construction industry.

The New Jersey boat builders are in dialogue with the Departments of Commerce and Labor as to job training programs to assist the industry.

VI.

RIPPLE EFFECT ON EMPLOYMENT AND COMMUNITY IMPACT

Big-boat building has an unusual, wide-ripple effect, which is estimated at four indirect jobs for each direct manufacturing job. Each big-boat manufactured in New Jersey ranging in price from $250,000 to $2,000,000 has over 6,000 parts, appliances or equipment that are purchased and installed.

In addition to these vendors, there are numerous subcontractors that for some of the manufacturers, build and/or install doors, windows, cabinets, bow rails, tuna towers, dingies, radios, radar equipment and the like.

Contract captains and mates are used to ferry the boats, most of which are delivered by water to their destinations in Florida, New England, the Great Lakes, Gulf of Mexico and the West Coast. Engine, service and start-up crews must check each new boat and monitor its performance.

Boats are surveyed by professional consultants for insurance purposes and for owners. The boats must have suitable dockage, maintenance, service and fuel at all times.

Although the excise tax targeted new boats over $100,000 and was not imposed on used or smaller boats, many less-sophisticated buyers, particularly smaller boat buyers, thought the excise tax was imposed on all boats and stayed out of the market.

In 1988 there were $417 million dollars of marine products (boats, motors, trailers and accessories) sold in New Jersey; boats alone accounted for $347 million of this amount. As a result of the excise tax and recession,

New Jersey State Library

these sales dropped to $110 million by the end of 1991, with boats being $73 million (Source: National Marine Manufacturers Association).

Over this tax and recessionary period, the marine industry in New Jersey experienced a 75% drop in sales. The tax had a much wider effect then first perceived. Attached is a list of 379 marine companies, basically small businesses, all of which experienced the adverse impact of the tax and recession, and had to cut employment accordingly. (See Exhibit IV.)

These are the extraordinary, direct effects to the boat-building economy to say nothing of the normal, indirect effect such as the grocer, clothing store, realtor, home insurer, restaurants and the like, where boat manufacturing employees spend their money.

You will note, by looking at the addresses of the companies in this survey, that they are all located in small communities. They are the major employers and, in some cases, employ the majority of the people in these communities. Community impact has been catastrophic.

VII.

EXPORT BACKGROUND AND POTENTIAL

Background

All the builders in this survey have been engaged in the export of the boats they manufacture to various degrees.

The Viking Yacht Company, for example, maintains a marketing facility with three to six demonstrator yachts, at St. Laurent on the French Riviera. This facility services seven European dealers. Mitsubishi Heavy Industries is Viking's dealer for all of Japan. Viking maintains dealers or agents in various other countries and in 1991 it shipped 35% of its production overseas, primarily to Europe and Japan.

In similar fashion, Ocean Yachts markets in Europe, the Far East and other countries of the world.

The other builders market through international boat brokers, distributors or dealers in various countries.

All the builders, to various degrees, market in Mexico and Canada.

To develop a strong presence in foreign markets, it takes both time and money. You first must develop the market research to determine where in various areas of the world your product would be most acceptable. You must adapt your product and marketing program to each of the marketplaces to meet existing competition. These markets will not adapt to you.

Although there are no long-term statistics on overseas shipments by New Jersey boat builders, we do have national statistics. The New Jersey builders are part of these statistics and have a similar trend.

Exhibit V shows U.S. boat imports and exports from 1975 to 1992. You can see how exports peaked in 1989 and started a slight downward trend to 1992.

The New Jersey boat builders experienced a similar trend. As some of these builders began to make the substantial investment to develop overseas markets, they had to pull back because of the need for those financial resources at home.

It should also be noted from Exhibit V that U.S. boat exports have a favorable balance of trade of approximately $300+ million from 1990 through 1992.

Potential

The Viking Yacht Company, probably the most aggressive internationally of the surveyed companies, perceives that in the next 10 to 20 years the world will be structured into the following four major markets:

(1) With the ultimate adoption of NAFTA, the United States, Canada and Mexico will establish the Common Market of the Americas to which all of South and Central America will someday join.

(2) The European Common Market ultimately will embrace all of eastern Europe and will be the second of the largest common markets for their products.

(3) The third market will be the Pacific Rim, with Japan the focal point of the Far East Common Market; and

(4) The Middle East will be the fourth market.

All of these markets have the basic factors to sell boats, i.e. water, facilities (developed or being developed), money, and a consumer desire to be on the water.

In all these markets, with the exception of the United States, the industry of **production** yacht building has seen very little maturity. The United States is looked upon as the mecca of this technique of production that provides a high-quality product at a very competitive price. This being so, the American **production** yacht builder has a tremendous opportunity to market its product in these various areas, with very little competition.

It takes money and time; you must sow before you reap. It takes substantial advertising and promotion to educate and develop the marketplace.

Because of the economic catastrophe visited upon the New Jersey production yacht builders, they had to pull back on their pursuit of global marketing. However, with assistance, a new global strategy could be developed, focused primarily on the most susceptible and lucrative of these world markets.

VIII.

CONCLUSION

The New Jersey big-boat building industry is an old, established industry of small, family-type businesses with a history of consistent profitability until the onset of the recession and 10% excise tax in 1991 that has continued through 1993. During this period, the industry experienced an 87% drop in sales and was forced to lay off 85% to 90% of its labor force.

These boat builders have proven plants, equipment, tooling, engineering, market organizations, management, core group supervision and key skilled workers, with proven products, positioned for the upturn which is anticipated in the fall of 1993 by the repeal of the excise tax and a modest economic recovery.

The technique of building fine-quality yachts in a production mode has given these New Jersey builders a particular advantage against world competitors and, thus, an exceptional export potential.

The New Jersey boat builders in this survey build 65% of the big boats built in New Jersey. They are ready to bring back in excess of 1,650 direct jobs and an estimated 6,500 indirect jobs. Most of these companies have bricks and mortar and equipment funding in place and have been able to hold fast to same, but because of the downturn, all have experienced substantial operating losses and have used up their liquidity to see themselves through these lost years.

They are unable to get additional funds from their banks because the banking community, as a whole, is out of the working-capital funding business, particularly to an industry which is coming through the worst downturn in its history.

Joint-venture funds or other extraordinary funding sources are difficult to obtain, except from foreign sources seeking to acquire and control the tooling and technology of these U.S. companies.

However, because of their long history of stability and know-how and because they have the hard assets and proven technology, they are in a good position to create substantial, long-term manufacturing jobs in the small communities where they are located, making a strong, positive economic impact directly on these communities and the State of New Jersey.

Their need is twofold -- working capital loan guarantees with their existing banks or outright loans where banking is not available even with loan guarantees.

These loans or guarantees will have a weighted average of $6,375 per job, a very low ratio because there is no need for the funding of hard assets or long-term organizational development costs.

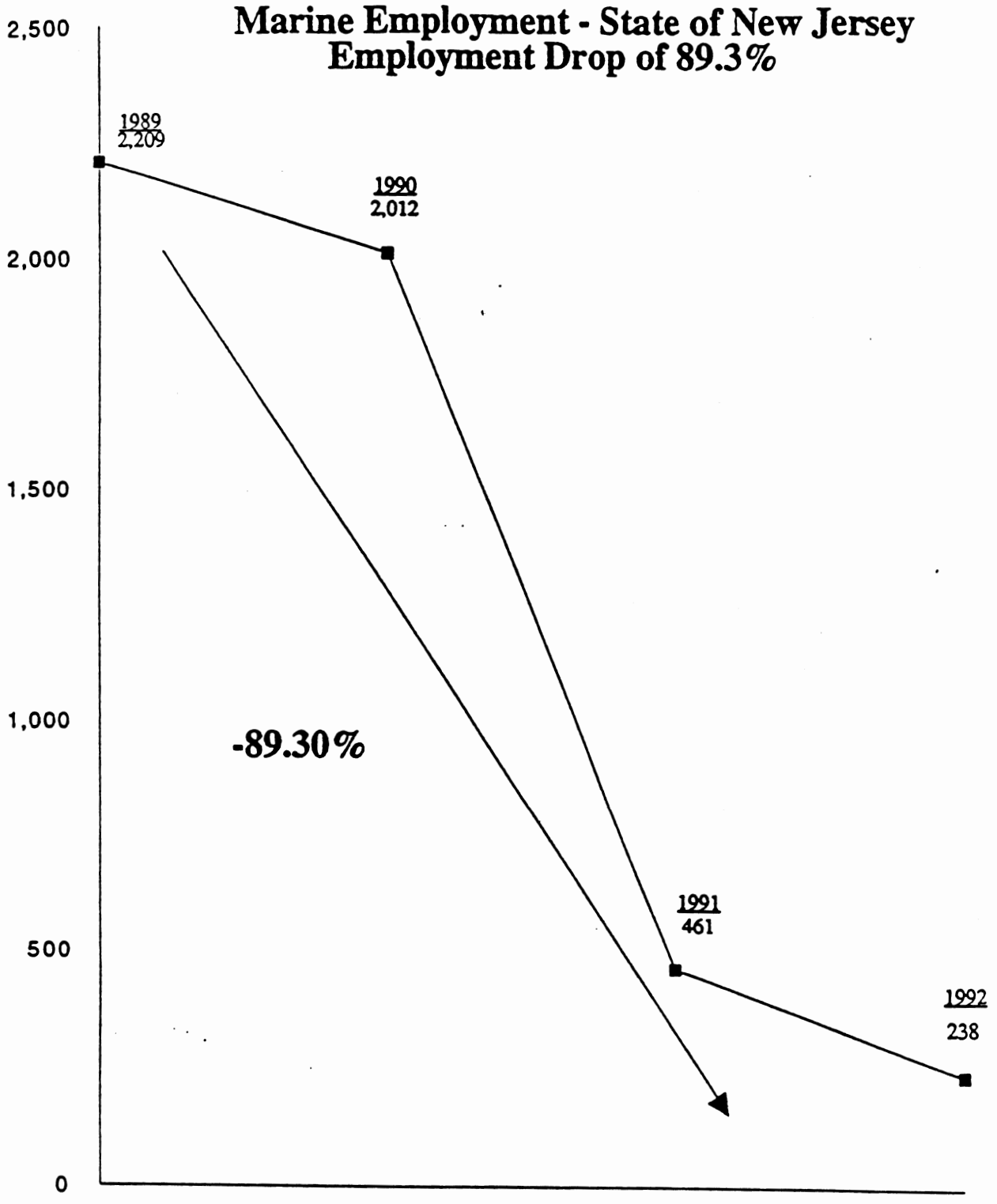
From a credit standpoint, these companies should not be gauged by their financial results over the past three years when they experienced substantial losses because of extraordinary and unusual economic events that had not taken place prior thereto nor are anticipated in the future. In addition, they have limited collateral to provide for such funding since it is presently encumbered by their existing lenders.

There is a need for approximately $12 million in such funding to bring back these companies and create these new jobs.

# # # # #

This report and survey was compiled by O'Donnell Development Company, Mount Holly, NJ, on behalf of the New Jersey Boat Builders Association.

EXHIBIT I

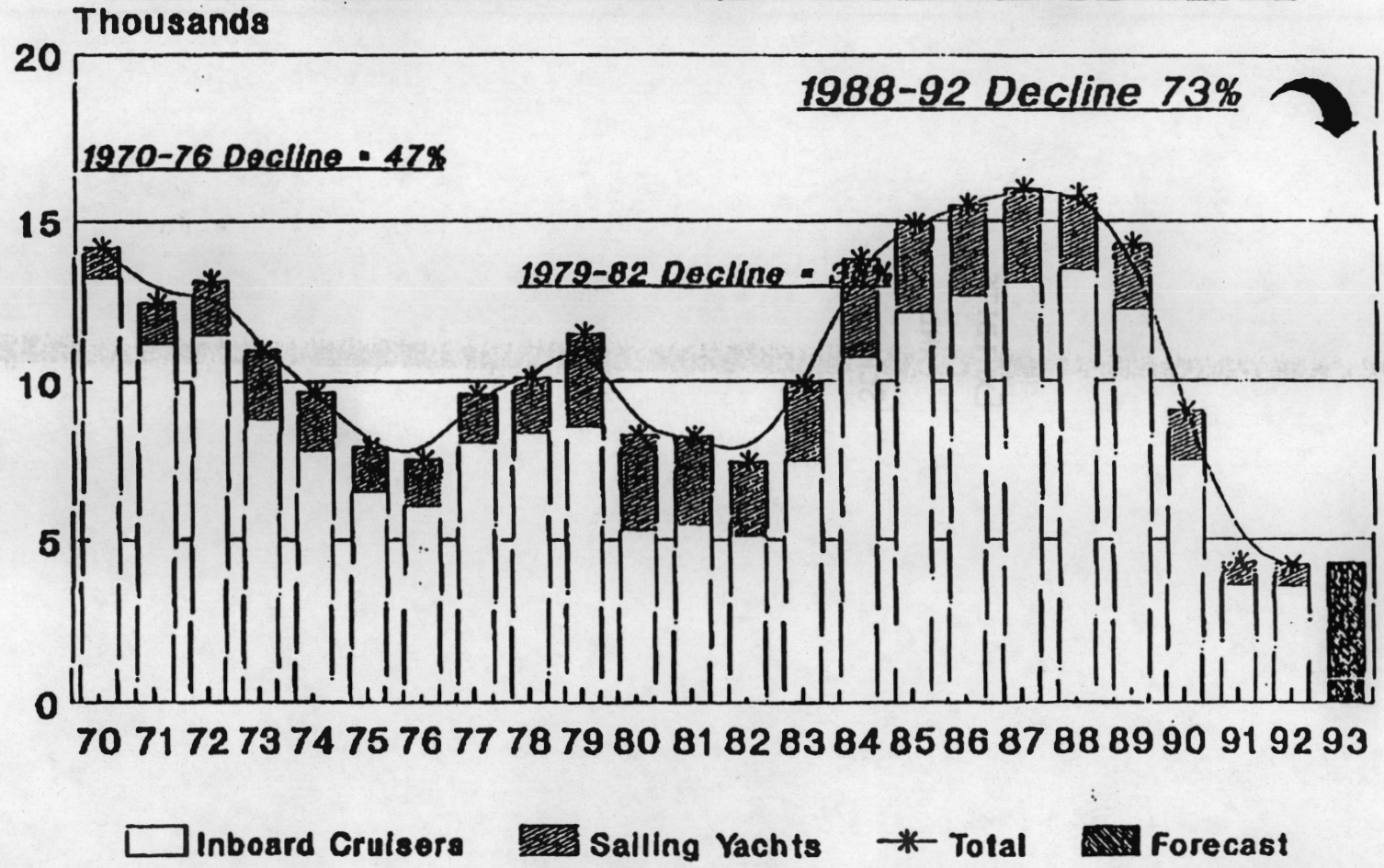


Source: 1992 Power And Motoryacht Survey

30X

EXHIBIT II

Unit Boat Shipments ($100,000+)
Peak to Trough of Recession Cycles
1991-92 Worse Than Past Experience Due to Excise Tax



Source: National Marine Mfg. Assn.

EXHIBITS AND SCHEDULE

EXHIBIT III

REPEAL OF THE LUXURY TAX BY UNANIMOUS-CONSENT

SENATORS CHAFEE AND MITCHELL

MAY 28, 1993

CONGRESSIONAL RECORD - SENATE

"**Ordered.** That if the Senate receives from the House a revenue measure that deals solely with the repeal of the luxury tax on boats, jewelry, furs, and planes, and a modification to the luxury tax on automobiles with respect to the cost of accessories for the disabled with a revenue offset that repeals the diesel tax exemptions on recreational boats and expands the 45-day interest rule for certain refunds, the bill, upon receipt, be placed on the Calendar.

Ordered further. That the Majority Leader, after consultation with the Republican Leader, may turn to its consideration at any time; that no amendments or motions be in order to the bill; and that there be a time limitation for debate on passage of the bill of 1 hour, to be equally divided in the usual form.

Ordered further. That no points of order lie against the bill, and that when all time is used or yielded back, the Senate, without any intervening action or debate, vote on final passage of the bill.

MR. CHAFEE addressed the Chair."

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,402
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Absecon Boat Yard	Euclid Drive	Absecon	NJ	08201	609-641-9048	28	50	-	-	BOATYARD
Absecon Yacht Club	Fauince Landing Road	Absecon	NJ	08201	609-641-2260	25	-	-	-	YACHT
J.B. Docks	811 E. Motts Creek Rd.	Absecon	NJ	08201	609-652-7843	40	-	10	1	BOATYARD
Alpine Boat Basin	PO Box 155	Alpine	NJ	07620	201-768-1360	113	-	-	1	MARINA
Englewood Boat Basin	PO Box 155	Alpine	NJ	07620	201-768-1360	134	-	-	-	MARINA
Atlantic Marine Diesel, Inc.	PO Box 1930	Atlantic City	NJ	08401	609-348-1348	6	-	-	-	BOATYARD
Frank's Boatyard	2043 N. Riverside Dr.	Atlantic City	NJ	08401	609-344-9185	4	-	-	-	BTY,MAR
Kramers Marina	110 N. Trenton Avenue	Atlantic City	NJ	08401	609-266-4132	13	-	-	-	MARINA
M.W. Boat & Engine Works	600 Carson Avenue	Atlantic City	NJ	08401	609-345-1131	34	40	-	2	BTY,DRY,MAR
Sen. Frank S. Farley State Mari	600 Huron Ave.	Atlantic City	NJ	08401	609-441-8482	640	-	201	-	MARINA
Atlantic Highlands Marina	2 Simon Lake Dr.	Atlantic Highl	NJ	07716	908-291-1670	324	150	120	2	MARINA
Frank's Boats, Inc.	Foot of First Ave.	Atlantic Highl	NJ	07716	908-291-2275	14	-	-	-	MARINA
Avalon Anchorage Marina	PO Box A	Avalon	NJ	08202	609-967-3592	25	10	-	1	MARINA
Avalon Pointe Marina	PO Drawer F	Avalon	NJ	08202	609-967-4100	110	65	-	-	BTY,MAR
Sunrise Marina	783 Sunrise Dr.	Avalon	NJ	08202	609-967-3188	40	-	-	-	MARINA
Main One Marina, Inc.	1 Main St.	Avon-by-the-Se	NJ	07717	908-776-5992	54	-	-	-	MARINA
Bob's Bay Marina	PO Box 366	Barnegat	NJ	08005	609-698-7264	82	-	-	-	MARINA
East Bay Marina	493 E. Bay Avenue	Barnegat	NJ	08005	609-698-3746	29	-	-	1	MARINA
Mariner's Marina, Inc.	PO Box 333	Barnegat	NJ	08005	609-698-1222	225	-	-	-	MARINA
Sherer's Boat Basin	482 E. Bay Ave.	Barnegat	NJ	08005	609-698-0463	-	30	45	-	MARINA
Sun Harbor Marina	451 E. Bay Ave.	Barnegat	NJ	08005	609-698-2116	125	-	-	-	MARINA
Barnegat Boat Basin	491 East Bay Avenue	Barnegat Light	NJ	08006	609-698-8581	19	-	-	-	MARINA
Barnegat Light Yacht Basin	18th and Bay Avenue	Barnegat Light	NJ	08006	609-494-8956	54	-	-	-	MARINA
Bayview Marina	13th Street & Bay Avenue	Barnegat Light	NJ	08006	609-494-7450	45	-	-	-	MARINA
Ed's Boat Rentals	9th St. & Bayview Ave.	Barnegat Light	NJ	08006	609-494-2447	63	-	-	2	MARINA
Henry's Boat Rental	7th Street & Bay Avenue	Barnegat Light	NJ	08006	609-494-1520	12	-	20	-	BOATYARD
Inlet Marine Sales	15th & Bayview	Barnegat Light	NJ	08006	609-494-9211	38	-	-	-	BOATYARD
Lighthouse Marina	705 6th & Bay Avenue	Barnegat Light	NJ	08006	609-349-2305	80	-	-	-	MARINA
Bay Head Yacht Club	111 Metcalf Ave.	Bay Head	NJ	08742	908-899-2008	50	-	-	-	YACHT
New Elko Marina	163 Avenue A	Bayonne	NJ	07002	201-437-2355	130	-	-	-	MARINA
Cedar Creek Marina	105 Harbor Inn Road	Bayville	NJ	08721	908-269-1351	64	-	-	1	MARINA
Rinderer's Marina	105 HWY #9	Bayville	NJ	08721	908-244-9421	25	-	-	1	MARINA
River Bank Marina	PO Box J	Bayville	NJ	08721	908-244-2106	215	200	-	-	MARINA
Santo Marine Corporation	34 Doyle Dr.	Bayville	NJ	08721	908-269-2730	85	-	-	-	MARINA
Stump Creek Slipways	207 Chelsea Avenue	Bayville	NJ	08721	908-269-3897	25	80	10	-	MARINA
Trixie's Landing	305 Brennan Concourse	Bayville	NJ	08721	908-269-5838	80	20	-	1	MARINA
Whitey's Landing	298 Butler Blvd.	Bayville	NJ	08721	908-269-1186	42	40	-	1	MARINA
Beach Haven Yacht Club	20 West Ave.	Beach Haven	NJ	08008	609-492-9101	34	-	-	-	YACHT
Buoy 77 Marina	126 Osborn Avenue	Beach Haven	NJ	08008	609-492-0011	79	-	30	2	MARINA
Hove Marina	312 Delaware Ave.	Beach Haven	NJ	08008	609-492-6461	20	-	-	-	MARINA
		Beach Haven	NJ	08008	609-492-0085	75	-	-	-	MARINA
						165	60	-	-	MARINA

EXHIBIT IV

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Morrison's Beach Haven Marina	2nd St. & Bay Front	Beach Haven	NJ	08008	609-492-2150	140	-	-	-	MARINA
Penna's Marina	83 Tebco Lane	Beach Haven	NJ	08008	609-492-0191	180	-	15	3	MARINA
Shelter Harbor Marina	1000 Bay Avenue	Beach Haven	NJ	08008	609-492-8645	300	-	-	-	MARINA
Escape Harbor Service Co., Inc	17 West 32nd Street	Beach Haven Ga	NJ	08008	609-492-9108	60	76	-	-	MARINA
Southwick Marina	32nd & Bayfront	Beach Haven Ga	NJ	08008	609-492-5191	90	-	-	-	MARINA
Woehr's Marine Dock	5414 West Avenue	Beach Haven In	NJ	08008	609-492-2326	53	-	-	-	MARINA
Belford Marine Railway	10 Main Street	Belford	NJ	07718	908-787-9023	10	-	-	-	BOATYARD
A. P.'s Inlet Marina, Inc.	610 5th Ave.	Belmar	NJ	07719	908-681-3303	30	39	-	-	MARINA
Belmar Marine Basin	HWY 35	Belmar	NJ	07719	908-681-2266	313	-	-	1	MARINA
Big "D" Valley Marina	RT 130 & Rancocas Creek	Beverly	NJ	08010	609-461-3550	-	-	-	1	MARINA
Hagler's Marina	4114 Long Beach Blvd.	Brant Beach	NJ	08008	609-494-4509	80	-	-	1	MARINA
Island Marina	3110 Bay Ave.	Brant Beach	NJ	08008	609-494-6281	90	-	-	-	MARINA
Merit Marine	20 W. 44th St.	Brant Beach	NJ	08008	609-494-2838	38	-	-	-	BTY,MAR
Baywood Marina	63 Pilot Dr.	Brick	NJ	08723	908-477-3322	200	-	-	1	MARINA
Cassidy's Breton Woods Marina	596 Burtis St.	Brick	NJ	08723	908-477-1111	180	180	30	-	MARINA
Comstock Marina	704 Princeton Ave.	Brick	NJ	08724	908-899-3161	100	-	-	-	BTY,MAR
Cranberry Cove Marina	80 Driftwood Dr.	Brick	NJ	08723	908-920-6532	31	-	-	-	MARINA
Drum Point Marina	500 Drum Point Rd.	Brick	NJ	08723	908-477-3736	37	-	-	-	MARINA
Green Cove Marina	41 Division St.	Brick	NJ	08723	908-840-9090	284	100	-	1	MARINA
Huppert Marine	831 RT 70	Brick	NJ	08723	908-840-1100	74	60	-	1	BTY,MAR
Johnson Boat Basin	841 RT 70	Brick	NJ	08724	908-840-9530	175	-	-	1	MARINA
Mentor Marine/Laurelton Yacht C	281 Princeton Ave.	Brick	NJ	08724	908-295-4036	160	-	10	6	MAR,YAC
Peterson's Riviera Inn Marina	1600 HWY 70	Brick	NJ	08730	908-840-1110	68	-	-	-	MARINA
River Watch Marina	505 Ridge Rd.	Brick	NJ	08723	908-899-3161	200	-	-	1	MARINA
Sails Aweigh, Inc.	802 Mantoloking Rd.	Brick	NJ	08723	908-477-3252	60	-	-	-	MARINA
Sherman's Boat Basin	664 Princeton Avenue	Brick	NJ	08724	908-295-0103	35	-	-	1	BTY,MAR
Starck's Landing	Princeton and Beaverdam	Brick	NJ	08723	908-892-7558	12	-	-	1	MARINA
Suburban Boatworks	1500 Riverside Drive	Brick	NJ	08724	908-840-2100	240	-	-	-	BOATYARD
Wehrlen Brothers Marina	197 Princeton Ave.	Brick	NJ	08724	908-899-3505	197	-	-	-	MARINA
Bridgeport Boat Yard	116 Buttonwood Lane	Bridgeport	NJ	08014	609-467-1716	20	-	35	1	BTY,MAR
Hancock's Harbor Inc.	RD 2	Bridgeton	NJ	08302	609-455-2610	107	-	-	2	MARINA
Husted's Landing Inc.	RD 4 Rockville Road	Bridgeton	NJ	08302	609-451-6195	100	-	-	1	BTY,MAR
Brielle Marine Basin	608 Green Ave.	Brielle	NJ	08730	908-528-6200	75	40	15	-	MARINA
Brielle Yacht Club	201 Union Lane	Brielle	NJ	08730	908-528-6250	130	-	-	-	MAR,YAC
Hoffman's Anchorage, Inc.	602 Green Ave.	Brielle	NJ	08730	201-528-6160	45	60	-	-	BTY,MAR
McCarthy's Marine Sales	1029 RT 70	Brielle	NJ	08730	908-528-8200	125	-	-	1	BTY,MAR
Shore Marine Sportsman's Island	217 Riverside Dr.	Brielle	NJ	08730	908-840-2100	220	-	-	-	MARINA
Bayside Marina	4401 Brigantine Blvd.	Brigantine	NJ	08203	606-266-2819	109	-	-	-	MARINA
Bob's Outboards	486 West Shore Drive	Brigantine	NJ	08203	609-266-7764	28	-	-	-	MARINA
Deebold Boatyard	434 W. Shore Dr.	Brigantine	NJ	08203	609-266-3214	12	-	-	-	BOATYARD

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Jersey State Marina	601 Bayshore Ave.	Brigantine	NJ	08203	609-266-7011	42	-	-	1	MARINA
Jolly Roger Marina	3101 Bayshore Ave.	Brigantine	NJ	08203	609-266-0435	20	44	-	8	MARINA
Surfside Marina	Brigantine Blvd.	Brigantine	NJ	08203	609-266-1007	150	-	-	-	MARINA
Vince's Dock	1225 E. Shore Drive	Brigantine	NJ	08203	609-266-3939	-	-	-	-	MARINA
Budd Lake Docks	RT 46	Budd Lake	NJ	07828	201-347-0090	60	-	-	1	MARINA
Curtin Marina	East Pearl Street	Burlington	NJ	08016	609-386-4657	90	-	20	1	MARINA
Camden County Parks and Rec.	800 Cooper St.	Camden	NJ	08102	609-966-8400	50	-	-	-	MARINA
Farragut Sportsmans Association	Foot of 25th Street	Camden	NJ	08105	609-365-9772	70	-	-	-	YACHT
Bree Zee Lee Marina	Ocean Drive	Cape May	NJ	08204	609-884-4849	250	-	20	2	MARINA
Cape May Marine	1263 Lafayette St.	Cape May	NJ	08204	609-884-0262	160	-	-	-	MARINA
Cape May Marine, Inc.	1263 Lafayette Street	Cape May	NJ	08204	609-884-0262	225	-	-	3	MARINA
Hinch Marina, Inc.	989 Ocean Dr.	Cape May	NJ	08204	609-884-8031	100	-	-	2	MARINA
McNeill's Marina	954 Ocean Dr.	Cape May	NJ	08204	609-884-7211	45	-	-	1	MARINA
Mill Creek Marina	Box 428	Cape May	NJ	08204	609-884-4391	100	-	-	-	MARINA
Roseman's Boat Yard & Marina	5 Roseman's Lane	Cape May	NJ	08204	609-884-3370	35	-	-	-	BTY,MAR
South Jersey Marine & Yacht Sal	PO Box 641	Cape May	NJ	08204	609-884-0177	78	-	-	-	MARINA
Utsch's Marina	1121 RT 109	Cape May	NJ	08204	609-884-2051	250	-	-	-	MARINA
Bidwell Creek Marina	149 RT 47 North	Cape May Court	NJ	08210	609-465-1676	1	-	-	-	MARINA
Sky Harbor Marina	260 Outwater Lane	Carlstadt	NJ	07072	201-933-8270	35	-	-	-	MARINA
Chadwick Island Marina	400 Strickland Blvd.	Chadwick Beach	NJ	08739	908-793-7227	200	-	-	1	BTY,MAR
Aberdeen Marine/Twin Towers Mar	483 Amboy Road	Cliffwood	NJ	07721	908-566-3163	230	-	-	1	BTY,MAR
Eble's Marina, Inc.	Creek Road	Delanco	NJ	08075	609-461-3835	58	-	30	1	MARINA
Ran-Del Marina	130 Rancocas Ave.	Delanco	NJ	08075	609-461-5094	120	-	50	1	MARINA
Clark's Landing at Delran	St. Mihiel Drive	Delran	NJ	08075	609-461-2700	300	-	-	-	MARINA
Dredge Harbor Yacht Basin	PO Box 1008	Delran	NJ	08075	609-461-1194	350	288	40	-	MARINA
Cox's Penny Hill Boatyard	PO Box 587	Dorchester	NJ	08316	609-785-0100	32	300	-	-	BTY,MAR
Von Dohln Marina	1339 River Road	Edgewater	NJ	07020	201-943-3424	125	90	-	-	MARINA
Fair Haven Yacht Works	75 Normandie Avenue	Fair Haven	NJ	07704	201-747-3010	71	10	99	-	BTY,MAR
Fairton Marina	One Main St. Box B	Fairton	NJ	08320	609-451-3220	-	52	-	1	BOATYARD
Flanigan Brothers Boat Yard	Main Street	Fairton	NJ	08320	609-447-4205	15	-	-	-	BOATYARD
Berth Place Marina, The	146-148 Marine Plaza	Forked River	NJ	08731	609-693-9423	29	-	-	1	BTY,MAR
Captain's Inn	PO Box 415	Forked River	NJ	08731	609-693-3351	30	-	-	-	MARINA
Forked River State Marina	311 South Main	Forked River	NJ	08731	609-693-5044	111	-	-	-	MARINA
Rick's Marina	222 Marine Plaza	Forked River	NJ	08731	609-693-2134	86	-	-	1	MARINA
River Lights Marina	105 Bay Ave.	Forked River	NJ	08731	609-693-8176	39	-	-	-	MARINA
Silver Cloud Harbor Marina	101 Bay Avenue	Forked River	NJ	08731	609-693-2145	45	-	-	-	MARINA
Southwind Marina	PO Box 626	Forked River	NJ	08731	609-693-6288	125	-	-	1	BTY,MAR,YAC
Tall Oaks Marina	109 Bay Avenue	Forked River	NJ	08731	609-971-1357	65	-	-	-	MARINA
Ted & Sons Marina	129 Bay Ave.	Forked River	NJ	08731	609-693-2185	54	-	-	-	MARINA
[illegible]	221 East Lacey Rd.	Forked River	NJ	08731	609-693-6100	100	-	-	1	MARINA
[illegible]	[illegible]	[illegible]	NJ	08221	609-447-4540	-	-	13	-	MARINA

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Fortescue State Marina	Bay Avenue	Fortescue	NJ	08321	609-447-4844	125	-	-	2	MARINA
Higbee's Marina	Main Street	Fortescue	NJ	08321	609-447-4157	20	-	-	-	MARINA
Mullica River Boat Basin	RD 2 RT 542	Green Bank	NJ	08215	609-965-2120	-	100	-	-	BTY,DRY,MAR
Green Pond Marine	RD 2 RT 513	Green Pond	NJ	07435	201-697-7459	-	200	-	-	BTY,DRY
Greenwich Boatworks	1 Pier Road	Greenwich	NJ	08323	609-451-7777	250	-	-	1	BOATYARD
Fork's Landing Marina	Camp Swiss Avenue	Hammonton	NJ	08037	609-561-2849	56	40	-	1	MARINA
Boat Yard	8203 Bay Terrace	Harvey Cedars	NJ	08008	609-494-2095	10	-	-	-	BOATYARD
Andy's Marina	PO Box 156	Heislerville	NJ	08324	609-785-0101	70	-	-	1	MARINA
Happy's Landing Marina	871 E. Shore Rd. Awosting	Hewitt	NJ	07421	201-728-8841	80	-	-	1	MARINA
Sportsman's Boat and Motors	325 Lakeside Rd.	Hewitt	NJ	07421	201-728-9611	150	-	-	1	MARINA
Red's Marina	South Adelaide Avenue	Highland Park	NJ	08904	908-247-7414	45	-	-	1	MARINA
Bahrs Landing	2 Bay Avenue	Highlands	NJ	07732	908-872-1245	40	-	-	-	MARINA
Captain's Cove	2 Washington St.	Highlands	NJ	07732	908-747-6711	99	-	25	2	MARINA
Highlands Marina Inc.	258 Bay Avenue	Highlands	NJ	07732	908-872-9300	105	-	-	4	MARINA
Sandy Hook Bay Marina	1 Willow St.	Highlands	NJ	07732	908-872-1450	170	-	-	1	MARINA
Trap's Marina	465 River Styx Rd.	Hopatcong	NJ	07843	201-398-5495	120	-	-	2	MARINA
Cozy Cove Marina	PO Box 548	Island Heights	NJ	08732	908-929-1171	85	-	-	-	MARINA
Dillon's Creek Marina	PO Box 1274	Island Heights	NJ	08732	908-270-8541	190	-	-	-	MARINA
Nelson Marine Basin	PO Box N	Island Heights	NJ	08732	908-270-0022	80	150	-	-	BTY,MAR
Newport Yacht Club and Marina	500 Washington Boulevard	Jersey City	NJ	07310	201-626-5550	180	-	-	-	MAR,YAC
Roosevelt Marina	RT 440	Jersey City	NJ	07305	201-435-3864	200	-	-	-	MARINA
Crosbie's Marina	61 N. Park Avenue	Keansburg	NJ	07734	908-787-1666	50	-	-	-	MARINA
Rapp's Boat Yard	701 Passaic Avenue	Kearny	NJ	07032	201-991-0855	1	20	10	-	BOATYARD
Brown's Point Marina	357 W. Front St.	Keyport	NJ	07735	908-264-7176	75	100	-	1	MARINA
Hans Pedersen & Sons	165 W. Front St.	Keyport	NJ	07735	908-264-0971	100	-	-	-	BTY,DRY,MAR
Keyport Marine Basin	340 W. Front St.	Keyport	NJ	07735	908-264-9421	247	-	-	2	MARINA
Olsen Boat Works	73 E. Front St.	Keyport	NJ	07735	908-264-4198	-	-	35	3	BOATYARD
Seaboard Marine Inc	RT 35 & Matawan Creek	Keyport	NJ	07735	908-264-8910	50	-	-	1	MARINA
Floraine, Inc.	138 Espanong Rd.	Lake Hopatcong	NJ	08749	201-663-4443	100	-	-	1	MARINA
Hockenjos Boat Co., Inc.	PO Box 366	Lake Hopatcong	NJ	07849	201-663-0024	49	-	-	-	BTY,MAR
Prospect Point Boatyard	233 S. New Jersey Ave.	Lake Hopatcong	NJ	07849	201-663-0167	-	200	-	1	BTY,MAR
Lanoka Harbor Marine Basin	PO Box 517	Lanoka Harbor	NJ	08734	609-693-2674	212	-	-	-	MARINA
Laurel Harbor Marina	PO Box 285	Lanoka Harbor	NJ	08734	609-693-6111	176	-	-	1	MAR,YAC
Ocean Beach Marina South	Barramore Ave.	Lanoka Harbor	NJ	08734	609-693-2346	104	50	-	-	MARINA
Ocean Beach Marina, Inc	3245 RT 35 South	Lavallette	NJ	08735	908-793-7460	300	-	-	1	MARINA
Berry's Driftwood Marina	Matts Landing Rd.	Leesburg	NJ	08327	609-785-2293	45	-	-	1	MARINA
Four Star Marina	River Road	Leesburg	NJ	08327	609-785-1273	100	-	-	2	MARINA
Steve's Deepwater Marine	RD 1 Box 121A	Linwood	NJ	08221	609-927-0461	100	-	-	-	MARINA
Cape Horn Marine	PO Box 206	Little Egg Har	NJ	08087	609-296-4456	100	-	-	-	MARINA
Mariner's Emporium	590 Patten Ave.	Long Branch	NJ	07740	908-870-2542	160	-	-	-	BTY,MAR

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYI
Longport Marina Co.	26th Avenue & the Bay	Longport	NJ	08403	609-822-0814	8	-	-	-	MARINA
Seaview Harbor Marina	PO Box 612	Longport	NJ	08403	609-823-2626	300	-	-	-	DOK,MAR
Loveladies Marina	16 Lighthouse Way	Loveladies	NJ	08008	609-494-9090	50	6	-	-	BTY,MAR
Duck Inn Marina	2380 E. Bay Avenue	Manahawkin	NJ	08050	609-494-9010	50	125	-	1	MARINA
Hance & Smythe, Inc.	Old Causeway	Manahawkin	NJ	08050	609-597-7813	20	150	1	1	BOATYARD
Margo's Inn & Marina, Inc.	1432 East Bay Avenue	Manahawkin	NJ	08050	609-597-8909	50	-	10	2	MARINA
Dyna Marine Services	381 Brielle Rd.	Manasquan	NJ	08736	908-223-4277	36	100	-	1	BTY,MAR
Robinson's Anchorage	371 Brielle Rd.	Manasquan	NJ	08736	908-223-2589	18	-	-	-	MARINA
David Beaton & Sons	PO Box 194	Mantoloking	NJ	08738	908-477-0259	60	540	60	-	BOATYARD
Trader's Cove, Inc.	PO Box 898	Mantoloking	NJ	08738	908-295-2500	150	-	-	-	MARINA
Winter Yacht Basin, Inc.	PO Box 229	Mantoloking	NJ	08738	908-477-6700	126	-	-	-	BOATYARD
Bay Club Marina	Box 3090	Margate	NJ	08402	609-487-1000	105	-	-	-	MARINA
Angler's Roost	9401 Amherst Ave.	Margate City	NJ	08402	609-822-2272	150	-	-	1	MARINA
Captain Andy's Marina	9317 Amherst Ave.	Margate City	NJ	08402	609-822-0916	14	-	-	-	MARINA
Scott's Dock	9211 Amherst Ave.	Margate City	NJ	08402	609-822-6819	35	-	-	1	MARINA
All Seasons Marina	Roosevelt Blvd.	Marmora	NJ	08223	609-390-1850	250	250	-	-	BTY,DRY,MAR
Meadow View Marina	182 Thompson Lane	Mays Landing	NJ	08330	609-927-3627	73	-	-	1	MARINA
Spoony's Marina, Inc.	River Drive	Mays Landing	NJ	08330	609-625-3141	26	-	-	1	MARINA
Thompson Marine & Engine Co.	184 Thompson Lane	Mays Landing	NJ	08330	609-927-2415	10	-	-	-	BOATYARD
Wharf Road Marina	Wharf Rd. at English Creek	Mays Landing	NJ	08330	609-927-6070	40	-	-	1	MARINA
Channel Club Marina	33 West St.	Monmouth Beach	NJ	07750	908-222-7717	161	-	-	-	MARINA
Monmouth Sailing Center	46 West St.	Monmouth Beach	NJ	07750	908-222-3492	85	150	-	-	MARINA
Weston's Marina	30 Icehouse Rd.	Monmouth Beach	NJ	07750	201-222-9567	35	-	-	-	MARINA
Viking Marine	RT 35	Morgan	NJ	08879	908-566-5961	165	-	-	-	MARINA
Warren's Boat Yard	Lorraine Avenue	Morgan	NJ	08879	908-721-3233	14	-	-	-	BOATYARD
Zuback's/Heavy Metal Marine	1728 HWY 35	Morgan	NJ	08879	908-727-4133	35	35	-	1	BTY,MAR
Barnes Brothers Marine Base	11 Wyndemere	Mt. Arlington	NJ	07856	201-398-0251	100	90	-	1	MARINA
Great Bay Marina	Radio Road	Mystic Island	NJ	08087	609-296-2392	140	-	-	1	MARINA
Bry's Marine	123 HWY 35	Neptune	NJ	07753	908-775-7364	26	-	-	2	MARINA
North Channel Marina	Trenton Avenue	Neptune	NJ	07753	908-775-3380	150	-	-	-	MARINA
Shark River Marina	Riverside Drive	Neptune	NJ	07753	908-775-7400	200	-	-	1	MARINA
Allen's Dock	North Maple Avenue	New Gretna	NJ	08224	609-296-5660	80	-	-	-	MARINA
Bass River Yachting Center	PO Box 512	New Gretna	NJ	08224	609-296-2388	240	-	-	-	MARINA
Gandy's Beach Marina	Cove Road	Newport	NJ	08345	609-447-3002	100	-	-	1	MARINA
Money Island Marina	Money Island	Newport	NJ	08345	609-447-4103	70	-	-	-	MARINA
North Wildwood Marina	5100 New York Avenue	North Wildwood	NJ	08260	609-522-0282	210	-	-	-	MARINA
Campbell Marine Inc.	PO Box 125	Northfield	NJ	08225	609-641-0489	62	160	-	-	DRY,MAR
Hackney's Boat Yard	Margate Bridge Rd.	Northfield	NJ	08225	609-641-1379	60	400	-	1	BTY,MAR
Mariner's Cove Marina	PO Box 137	Northfield	NJ	08225	609-641-2699	100	200	-	-	MARINA
Harbor House Motel & Marina	Box 582	Ocean City	NJ	08226	609-399-8585	126	-	-	-	MARINA
Lemont's Marina	308 Bay Ave.	Ocean City	NJ	08226	609-399-1787	22	-	-	-	MARINA
Sampson Brothers Boat Yard & Ma	228 Bay Ave.	Ocean City	NJ	08226	609-399-3111	10	-	-	-	BTY,MAR

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Becker's Boat Basin	PO Box 644	Ocean Gate	NJ	08740	908-269-3723	23	50	-	1	MARINA
Good Luck Point Marina	PO Box 8	Ocean Gate	NJ	08740	908-269-3700	125	100	-	1	MARINA
Ocean Gate Yacht Basin	Box 297	Ocean Gate	NJ	08740	908-269-2565	168	-	-	1	BTY,MAR
Oceanport Landing	417 River St.	Oceanport	NJ	07757	908-229-4466	80	-	-	-	MARINA
Pleasure Bay Yacht Basin Inc	157 A Commanche Dr.	Oceanport	NJ	07757	908-222-8563	90	20	-	-	MARINA
River's End Marina	5 John St.	Old Bridge	NJ	08857	908-238-2452	30	-	-	-	MARINA
Arnold's Boat Basin	1671 Beaver Dam Rd.	Point Pleasant	NJ	08742	908-892-3000	200	-	-	-	BTY,MAR
Clark's Landing Marina	847 Arnold Ave.	Point Pleasant	NJ	08742	908-899-5559	195	-	-	-	MARINA
Forsberg's Boat Works, Inc.	1692 West End Drive	Point Pleasant	NJ	08742	908-892-4246	50	-	-	-	BOATYARD
Johnson Brothers Boat Works	1800 Bay Avenue	Point Pleasant	NJ	08742	908-892-9000	295	-	-	1	BTY,DOK,MAR
Ken's Landing	30 Broadway	Point Pleasant	NJ	08742	908-892-9787	43	-	-	-	MARINA
Point Pleasant Fishing Club	1010 Hollywood Blvd.	Point Pleasant	NJ	08742	908-295-8543	30	-	-	-	YACHT
Point Anchorage Boat Basin	110 Riverside Place	Point Pleasant	NJ	08742	908-892-1703	38	-	-	-	MARINA
Spring Garden Boat Works	Box 340	Port Elizabeth	NJ	08348	609-825-5334	60	200	-	-	BTY,MAR
Gateway Marina	5 Port Monmouth Rd.	Port Monmouth	NJ	07758	908-787-2213	165	125	-	-	MARINA
Port Norris Marina	PO Box 501	Port Norris	NJ	08349	609-785-1205	200	-	12	2	MARINA
Chestnut Neck Boat Yard	New York Rd. RT 9	Port Republic	NJ	08241	609-652-1119	40	150	-	4	BTY,MAR
Southside Marina	311 Channel Drive	Pt. Pleasant B	NJ	08742	908-892-0388	75	-	-	-	MARINA
Chris' River Plaza Marina	483 W. Front St.	Red Bank	NJ	07701	201-741-9676	80	-	-	2	MARINA
Irwin's Yacht Brokers	One Marina Park	Red Bank	NJ	07701	908-530-9222	210	-	-	-	BTY,MAR
Molly Pitcher Inn, Motel & Mari	88 Riverside Ave.	Red Bank	NJ	07701	201-747-2500	54	-	-	-	MARINA
Sea-Land Marina	265 W. Front St.	Red Bank	NJ	07701	201-741-5753	25	-	-	1	MARINA
Shaw Crest Marine	Box 215	Rio Grande	NJ	08242	609-522-5239	99	350	-	-	MARINA
G. Winters Sailing Center	Reserve Avenue	Riverside	NJ	08075	609-461-3555	200	-	-	-	MARINA
Rancocas Marina	625 Harrison St.	Riverside	NJ	08075	609-461-6238	125	-	-	1	MARINA
Riverside Marina	Box 39	Riverside	NJ	08075	609-461-1077	200	-	-	-	BTY,MAR
Barnacle Bill's Marina	Ft. of 1st Street	Rumson	NJ	07760	908-842-4963	80	-	-	-	MARINA
Oceanic Marina	8 Washington St.	Rumson	NJ	07760	908-842-1194	110	-	3	-	MARINA
Shrewsbury Yacht Club	925 River Rd.	Rumson	NJ	07760	908-747-9873	48	-	20	-	YACHT
Patcong Harbor Marina	Mays Landing Road	Scullville	NJ	08330	609-927-8354	30	-	-	-	BTY,MAR
Angler's Marina	1300 Ocean Ave.	Sea Bright	NJ	07760	908-842-0204	55	80	-	-	MARINA
Brooks Marina	140 Ocean Ave.	Sea Bright	NJ	07760	908-747-8297	50	-	-	1	MARINA
Covesail Marina	RT 36	Sea Bright	NJ	07760	908-842-5219	68	-	-	-	MARINA
Oceanview Marina	270 Ocean Ave.	Sea Bright	NJ	07760	908-741-5123	40	-	-	-	MARINA
River House Marina	280 Ocean Ave	Sea Bright	NJ	07760	908-291-9554	30	-	-	-	MARINA
Surfside Marina	1306 Ocean Ave.	Sea Bright	NJ	07760	908-842-0844	71	18	-	-	BTY,MAR
Larson's Marina	PO Box 119	Sea Isle City	NJ	08243	609-263-8235	25	-	2	1	MARINA
Mirmar Marine Basin	PO Box 134	Sea Isle City	NJ	08243	609-263-2203	80	160	-	-	BTY,MAR
Navesink Yacht Sales & Marina	1410 Ocean Avenue	Seabright	NJ	07760	908-842-3700	119	156	-	-	MARINA
Bayside Marina	421 Bayside Terrace	Seaside Height	NJ	08751	908-793-0554	50	-	-	1	BTY,MAR

NEW JERSEY

BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Pelican Harbor, Inc.	RT 37 East	Seaside Height	NJ	08751	908-793-1700	40	-	-	1	MARINA
Berkeley Yacht Basin	PO Box 39	Seaside Park	NJ	08752	908-830-1000	190	-	-	-	MARINA
Red Top Boats Marina	PO Box 268	Seaside Park	NJ	08752	908-793-0507	100	-	-	-	MARINA
Cliffside Marina	485 Cliff Rd.	Sewaren	NJ	07077	908-636-4444	10	-	-	6	MARINA
Jimmie's Service & Boat Landing	563 Cliff Rd.	Sewaren	NJ	07077	908-636-9018	9	-	-	3	MARINA
Richie Stacy Marina	515 Cliff St.	Sewaren	NJ	07077	908-634-2331	6	-	-	1	MARINA
Riley's Boat Yard	Cliff Road	Sewaren	NJ	07077	908-634-2331	23	-	-	2	BOATYARD
Sewaren Marine Basin	612 Cliff Rd.	Sewaren	NJ	07077	201-636-3917	60	-	-	1	MARINA
Causeway Boat Sales	PO Box 134	Ship Bottom	NJ	08008	609-494-1371	325	-	-	1	BTY,MAR
Hochstrasser's Marina	8th Street and Bayshore	Ship Bottom	NJ	08008	609-494-5340	70	-	-	1	MARINA
Bass Harbor Marina	Longport Blvd.	Somers Point	NJ	08244	609-927-4045	64	-	-	-	MARINA
Bennett Marine, Inc.	Gall & Bay Avenues	Somers Point	NJ	08244	609-926-1700	88	-	-	1	MARINA
Cape Island Yacht Sales	Decatur Street & Bay Avenue	Somers Point	NJ	08244	609-927-8886	36	-	-	-	MARINA
Corleto Marina	800 Bay Ave.	Somers Point	NJ	08244	609-927-3100	40	-	-	-	MARINA
Graef Boat Yard	Launch & Miller Avenue	Somers Point	NJ	08244	609-927-2205	15	100	-	-	BTY,MAR
Great Egg Bay Marina	RT 559 & Woodlawn Ave.	Somers Point	NJ	08244	609-653-1198	80	-	30	-	MARINA
Harbor Cove Marina	660 Bay Avenue	Somers Point	NJ	08244	609-927-9600	350	-	-	-	MARINA
Mayer Marine	830 Bay Ave.	Somers Point	NJ	08244	609-927-5954	50	65	100	2	MARINA
Smith's Marina	910 Bay Avenue	Somers Point	NJ	08244	609-927-7322	136	-	-	1	MARINA
Win Brady's Dolphin Docks	924 Bay Ave.	Somers Point	NJ	08244	609-927-1730	60	-	-	6	MARINA
Woods Gateway Marina	RT 559	Somers Point	NJ	08244	609-927-3002	85	-	35	2	MARINA
Brown's Marina	4 Terrace Place	South Amboy	NJ	08879	908-721-6480	110	-	-	1	BTY,MAR
Lockwood Boat Works	1825 HWY 35 - Morgan	South Amboy	NJ	08879	908-721-1605	125	-	-	-	MARINA
Morgan Marina	Box 235	South Amboy	NJ	08879	908-721-2290	295	-	30	-	MARINA
Bara Marina	112 Marine Plaza	South Forked R	NJ	08731	609-693-2748	15	-	-	1	MARINA
Wheel House Marina	267 24th Avenue	South Seaside	NJ	08752	908-793-3296	86	-	-	1	MARINA
Lighthouse Point Marina	Foot of Crabbe Rd.	South Toms Riv	NJ	08757	908-349-6600	15	150	80	-	MAR,YAC
Marine Trading International	PO Box 6300	South Toms Riv	NJ	08754	908-286-4000	200	-	-	1	BTY,MAR
Camp Marine Service, Inc.	1000 Stone Harbor Blvd.	Stone Harbor	NJ	08247	609-368-1777	35	-	-	-	BOATYARD
Stone Harbor Marina, Inc.	One Stone Harbor Blvd.	Stone Harbor	NJ	08247	609-368-1141	184	-	-	-	MARINA
Surf City Marina, Inc.	325 South 1st Street	Surf City	NJ	08008	609-494-2200	71	-	-	-	MARINA
Barnegat Bay Boat Sales	RT 37 East	Toms River	NJ	08753	908-929-1700	194	-	-	-	BOATYARD
Cedar Cove Marina Inc.	166 and Crabbe Road	Toms River	NJ	08757	908-344-6600	50	-	-	-	MARINA
East Dover Marina	605 Fischer Blvd.	Toms River	NJ	08753	908-270-1104	60	-	-	1	MARINA
Hobby Lobby Marina	1423 Bay Ave.	Toms River	NJ	08753	908-929-1711	80	-	-	-	BTY,MAR
Kettle Creek Marina Inc.	202 Kettle Creek Road	Toms River	NJ	08753	908-255-5090	50	-	-	1	MARINA
Pier One Marina	East RT 37	Toms River	NJ	08753	908-270-0914	65	-	-	-	MARINA
Silver Bay Anchorage	1235 Fischer Blvd.	Toms River	NJ	08753	908-270-3767	100	-	-	-	MARINA
Toms River Boat Works	1 Robbins Parkway	Toms River	NJ	08753	908-349-0180	25	0	-	-	MARINA
	PO Box 6	Townsends Inle	NJ	08243	609-263-8811	75	-	-	-	MARINA
		Trenton	NJ	08611	609-393-2546	17	75	-	1	MARINA
									1	MARINA

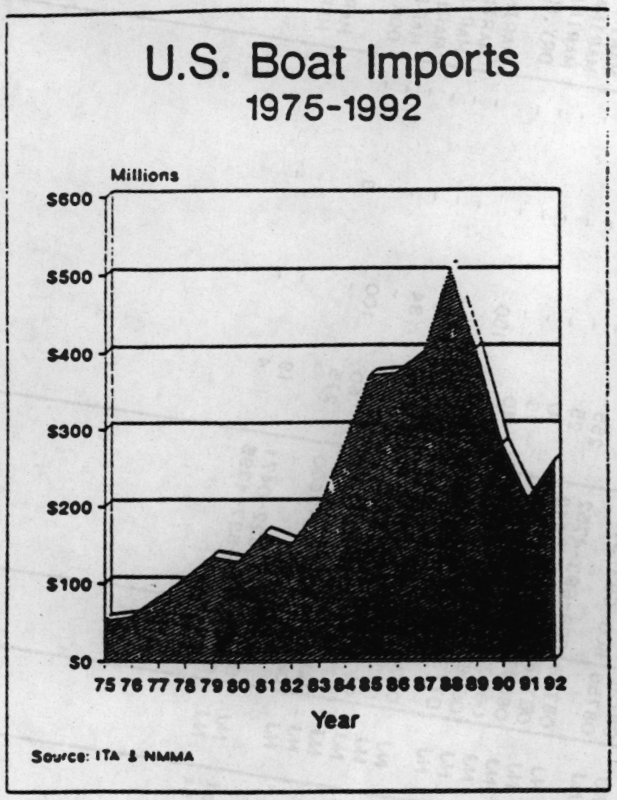
NEW JERSEY

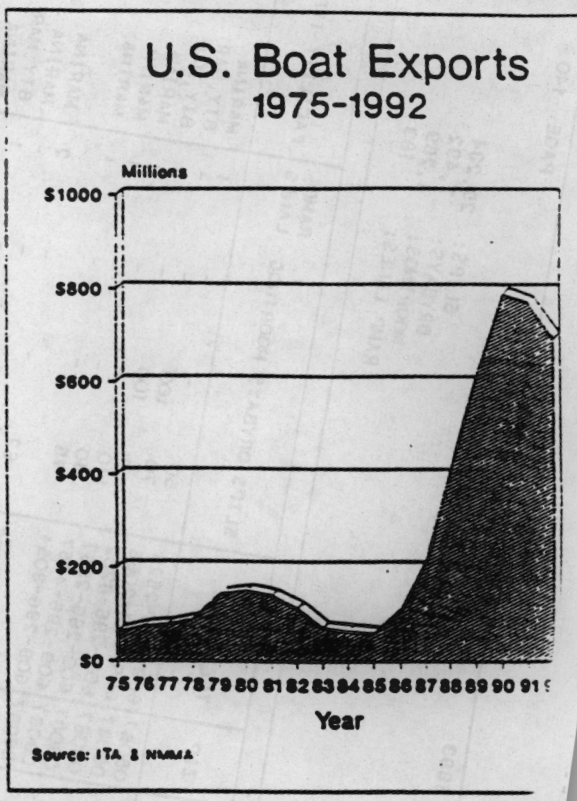
BOATYDS: 73
DOCKMS: 3
DRYMARS: 7
MARINAS: 284
YACHTS: 12

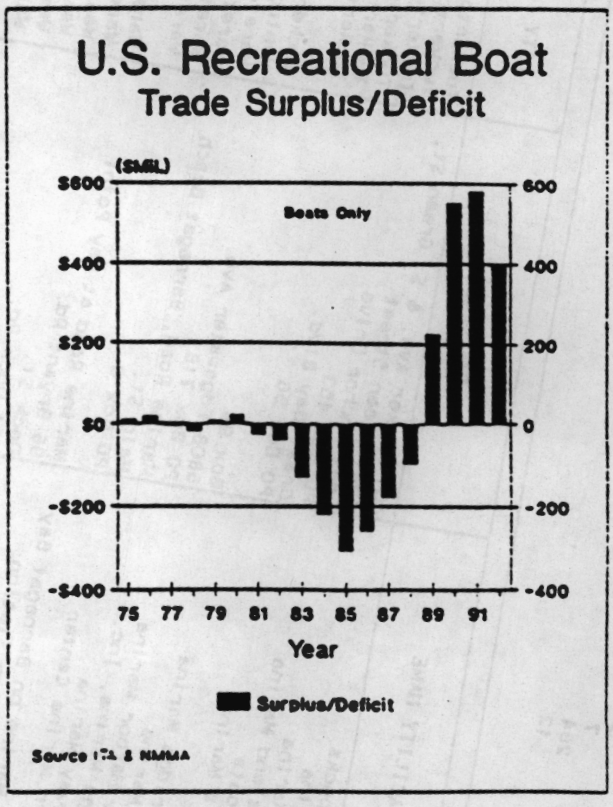
SLIPS: 29,234
DRYBAYS: 7,492
MOORINGS: 1,269
RAMP LANES: 183

FACILITY NAME	ADDRESS	CITY	ST	ZIP	TELEPHONE	SLIPS	DRYBAYS	MOORINGS	RAMP LANES	FACILITY TYPE
Captain Specks	101 Parker Ave. & S. Green St.	Tuckerton	NJ	08087	609-296-2529	50	-	-	1	MARINA
Hayes Marina	458† Green Street	Tuckerton	NJ	08087	609-296-2066	70	100	-	-	BTY,MAR
Munro's Marina	East Anchor Drive	Tuckerton	NJ	08087	609-296-8202	-	100	-	1	BTY,MAR
Mystic Island Marina	PO Box 453	Tuckerton	NJ	08087	609-296-2567	110	-	-	1	MARINA
Rand's Boats	Great Bay Blvd.	Tuckerton	NJ	08087	609-296-4457	80	-	-	1	MARINA
Skinner's Marina	PO Box 56	Tuckerton	NJ	08087	609-296-3051	75	-	-	1	MARINA
Three Bridge Marina	Box 96	Tuckerton	NJ	08086	609-296-4406	62	-	-	2	MARINA
Dorset Marine	5808 Edgewater Ave.	Ventnor City	NJ	08406	609-822-1885	5	-	-	-	MARINA
Holiday Harbor Marina	PO Box 718	Waretown	NJ	08758	609-693-2217	235	-	-	1	BTY,MAR
Leamings Marine, Inc.	Marine Road, Barnegat Beach	Waretown	NJ	08758	609-971-1514	76	-	-	-	MARINA
Long Quay Marina	Main St.	Waretown	NJ	08758	609-693-9444	130	-	-	1	MARINA
Sanborn Marine Center	PO Box C	Waretown	NJ	08758	609-693-3184	200	-	-	-	MARINA
Shore Marine on Barnegat Bay	Marine Road at Bay Point	Waretown	NJ	08758	609-693-4752	255	-	-	1	MARINA
Waretown Fishing Station	96 Bryant Rd.	Waretown	NJ	08758	609-693-2813	25	-	-	1	MARINA
Duke's Dock	Dock St.	West Creek	NJ	08092	609-296-2177	10	-	-	-	MARINA
Ernie's Marina	404 Dock Rd.	West Creek	NJ	08092	609-296-3850	25	-	-	-	MARINA
West Creek Marina	500 Dock Rd.	West Creek	NJ	08092	609-296-2715	40	-	-	-	MARINA
Lentze Marina, Inc.	75 First St.	West Keansburg	NJ	07734	908-787-2139	85	150	-	-	DRY,MAR
Gallo's Marina	10 Lake Rd.	West Wildwood	NJ	08260	609-729-7164	41	-	-	-	MARINA
Spray Dock	18 Lake Rd.	West Wildwood	NJ	08260	609-522-1277	40	-	-	-	MARINA
B & E Marine, Inc.	626 W. 26th St.	Wildwood	NJ	08260	609-522-6440	88	84	-	-	MARINA
Hayes Waterway Marina	727 W. Montgomery	Wildwood	NJ	08260	609-522-0263	27	-	-	-	MARINA
Pier 47 Marina	3001 Wildwood Boulevard	Wildwood	NJ	08260	609-729-4774	60	100	-	-	MARINA
Wildwood Marina	PO Box 237	Wildwood	NJ	08260	609-729-2600	275	-	3	-	DOK,MAR
Lakeview Docks, Inc.	Rambler Rd. & Sunset Lake	Wildwood Crest	NJ	08260	609-522-0471	19	-	-	1	MARINA
Royal Flush Dock	6100 Park Blvd.	Wildwood Crest	NJ	08260	609-522-1395	4	-	-	-	MARINA

EXHIBIT V







42X

SALES/EMPLOYMENT ANALYSIS

SCHEDULE A

Code No.	Peak # of Employees 87-90	Low # of Emp. 90-93	Peak Sales Revenues 87-90	Low Sales Revenues 90-93	Projected Sales 1993	Amount of Financing Needed	Present # of Emp.	Employment Projection 1st Yr	Thru 2nd Yr	Thru 3-5 Yr	Projected New Jobs	Loan Risk Per Job
01	97	0				$ 700,000	0	60	80	97	97	$ 7,217
02	200	3				500,000	6	45	70	97	91	$ 5,495
03	30	5		Individual		200,000	5	15	22	30	25	$ 8,000
04	320	47		Company Data Not For		1,800,000	56	96	170	300	244	$ 7,377
05	85	2		Public Disclosure		400,000	15	19	21	50	35	$11,429
06	Not In Business	6				400,000	6	14	22	40	34	$11,765
07	71	18				400,000	18	30	40	55	37	$10,811
08	1,451	60				7,000,000	225	650	1,050	1,450	1,225	$ 5,714
Totals	2,254	141	$226,200,000	$27,800,000	$53,400,000	$11,400,000	331	929	1,475	2,119	1,788	

Weighted Average Financing Need Per Job $6,375

437

N.J. BOATING INDUSTRY: ECONOMIC IMPACT OF LOST JOBS

N.J. Department of Commerce
& Economic Development
Trenton, New Jersey
May, 1991

TABLE OF CONTENTS

INTRODUCTION

SUMMARY

THE LUXURY TAX

OVERVIEW : STATE OF RECESSION

THE BOATING INDUSTRY IN NEW JERSEY

ECONOMIC IMPACT ANALYSIS:

N.J. DEPARTMENT OF COMMERCE ECONOMIC IMPACT MODEL

ECONOMIC IMPACT OF A LOSS OF 3,250 JOBS IN THE N.J. BOATING INDUSTRY

EXHIBITS:

A. IMPACT OF JOB LOSSES IN THE BOATING INDUSTRY-INDUSTRY BY INDUSTRY

B. OCCUPATIONS AFFECTED BY JOB LOSSES IN BOATING

INTRODUCTION

In October 1990 Congress, as part of the Omnibus Budget Reconciliation Act of 1990, enacted a "luxury tax" on certain items including a 10% tax on the retail price of a boat exceeding $100,000. This tax was especially illtimed considering the current national recession which already negatively impacts consumption of luxury goods. In addition to the considerably higher after-tax cost of the item, the psychological effect of added taxation further dampens sales.

New Jersey's boating industry, which employed about 5,400 persons in 1988, has declined in recent years. Further declines, exacerbated by the imposition of the luxury tax, will result in lost jobs not only in the boat building industry, but also in the network of parts suppliers, boat dealers and marinas. These losses in jobs and income for State residents are occuring at a time when the New Jersey economy is struggling through the early stages of recovery from the 1990-91 recession.

SUMMARY

* THE NATIONAL RECESSION HAS UNDOUBTEDLY HURT THE SALE OF LUXURY BOATS.

* THE IMPOSITION IN JANUARY 1991 OF A FEDERAL LUXURY TAX OF 10% ON BOATS PRICED AT OVER $100,000 FURTHER ADDED TO THE DECLINE IN BOAT SALES PROMPTING THE INTRODUCTION OF TWO BILLS PROPOSING THAT BOATS BE EXEMPTED FROM THE LUXURY TAX.

* NEW JERSEY'S BOAT BUILDING AND RELATED INDUSTRIES, WHICH PEAKED AT 5,400 EMPLOYEES IN 1988, CONTINUE TO DECLINE.

* ECONOMIC IMPACT ANALYSIS FOR NEW JERSEY INDICATES THAT FOR EACH JOB LOST IN THE BOATING INDUSTRY, ROUGHLY ONE ADDITIONAL JOB WILL BE LOST IN THE STATE.

* BASED ON AN ESTIMATED ANNUAL JOB LOSS OF 3,250 IN THE BOATING INDUSTRIES, THE STATE STANDS TO LOSE A TOTAL OF 6,250 JOBS AND ABOUT $140 MILLION IN INCOME IN 1991.

* THE ECONOMIC IMPACT OF A DECLINE IN THE BOATING INDUSTRY CAUSES DECLINES THROUGHOUT THE ECONOMY -- SERVICE PROVIDERS, RETAIL STORES, AND EVEN BANKS.

* THE TYPES OF JOBS MOST AFFECTED ARE CLERICALS, MACHINISTS, MANAGERS, MECHANICS, AND CRAFTSMEN.

THE LUXURY TAX : OVERVIEW

In October 1990, Congress passed a so-called "luxury tax" on selected consumer items, including boats valued over $100,000. The tax amounts to 10% of the retail price that exceeds $100,000. Coinciding with the enactment of the tax, the U.S. boat building industry has suffered reduced sales and job losses. Much of these losses have been attributed to the luxury tax.

Additionally, the Bahamian government has actively promoted their islands as a sanctuary from the U.S. tax, further threatening the boating industry in the U.S.

Following protests from the industry, including the finding by the Joint Congressional Committee on Taxation that the boat tax itself will generate only $3 million in added revenue, two bills have been proposed to amend the luxury tax to exclude boats. They are "The Boating Jobs Preservation Act" (H.R.951), and the Senate version (S.649).

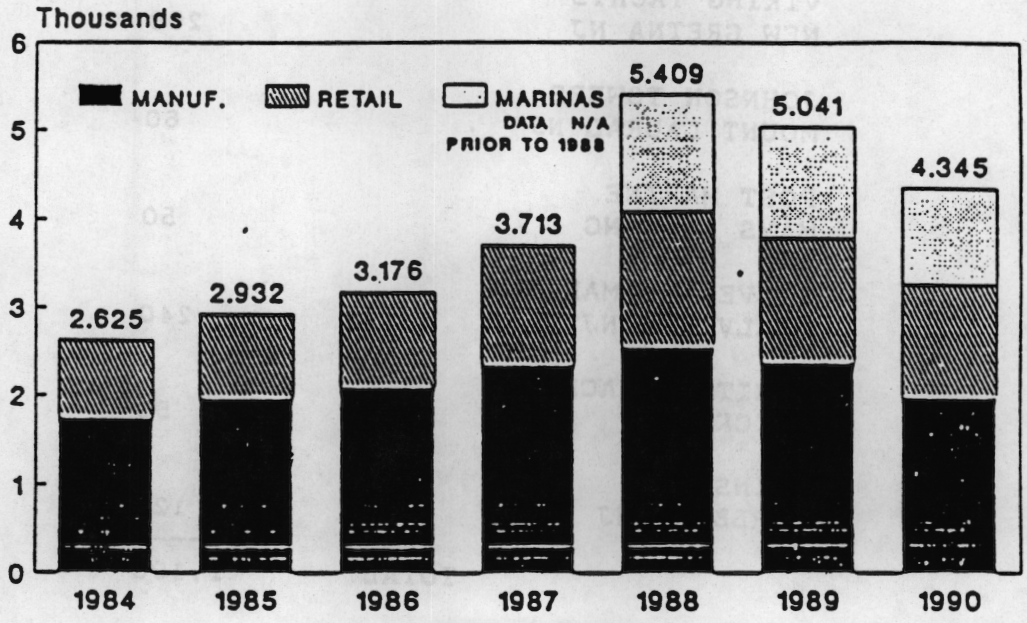
BOAT MANUFACTURING AND RELATED INDUSTRIES

IN NEW JERSEY

ECONOMIC IMPACT ON THE STATE OF NEW JERSEY

The boating industry, consisting of boat builders, retail boat sales, and the operation of marinas accounted for about 5,000 jobs and $125 million in wages in 1989. However, employment data indicate that the industry peaked in 1988 and has been declining since.

NEW JERSEY BOATING INDUSTRY
MANUFACTURING, RETAIL & MARINAS
EMPLOYMENT 1984-1990



Employment estimates from the New Jersey Department of Labor are available only through 1990, prior to the imposition of the luxury tax. However, recent reports on individual companies reveal widespread employment cutbacks by boat builders and dealers. See the list on following page.

THE EFFECT OF THE BOATING INDUSTRY SLOWDOWN UPON THE WORKER
(1989 1990 1991)

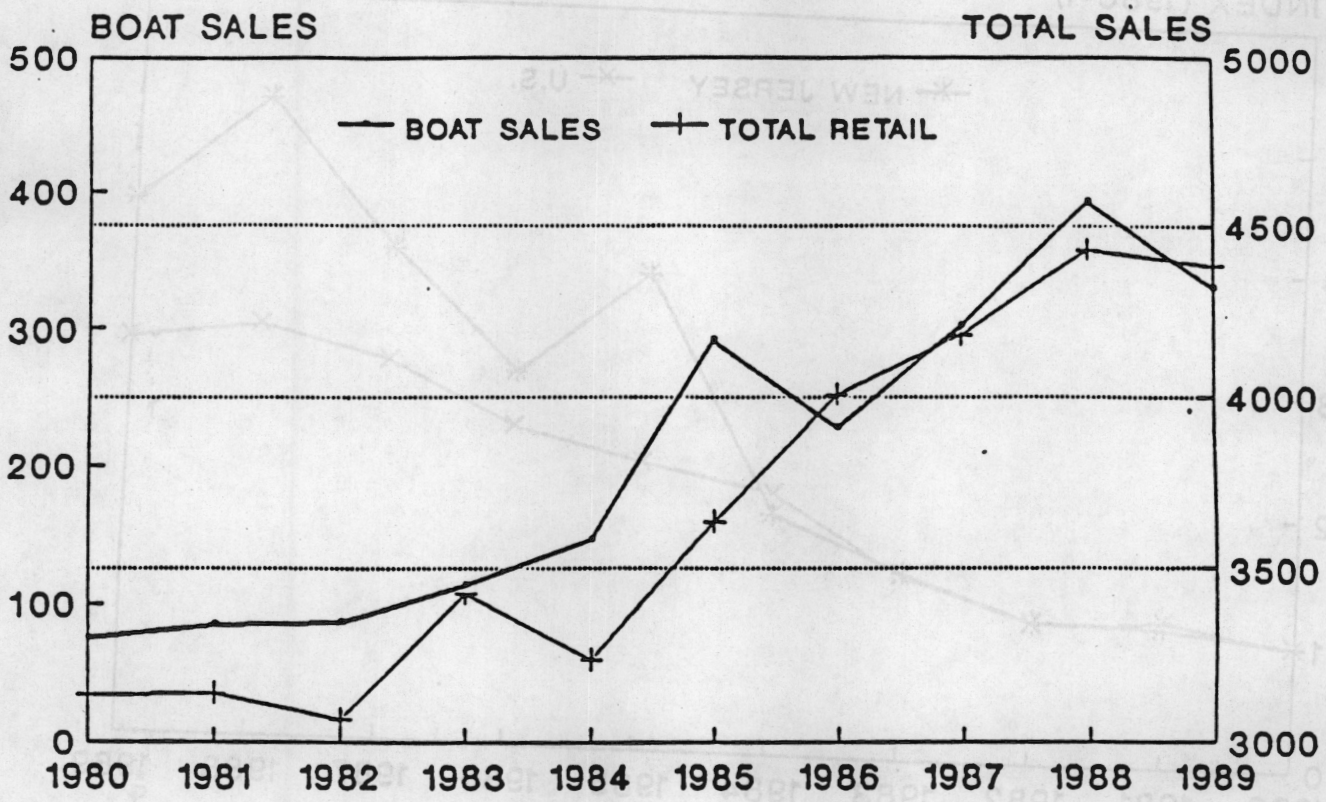
COMPANY NAME	WORKERS FURLOUGHED
EGG HABOR YACHTS EGG HABOR NJ	250
OCEAN YACHTS WEEKSTOWN NJ	125
VIKING YACHTS NEW GRETNA NJ	208
JOHNSON TOWERS MOUNT LAURAL NJ	60
POST MARINE MAYS LANDING	50
SILVERTON MARINE MILLVILLE NJ	240
HERITAGE YACHTS BRICK NJ	50
MAINSHIP MARLBORO NJ	125
TOTAL	1,108

NOTE: COMPANIES RANDOMLY SELECTED

SOURCE: VARIOUS NEWS ARTICLES, EMPLOYMENT DEVELOPMENTS IN NEW JERSEY
NEW JERSEY DEPARTMENT OF LABOR

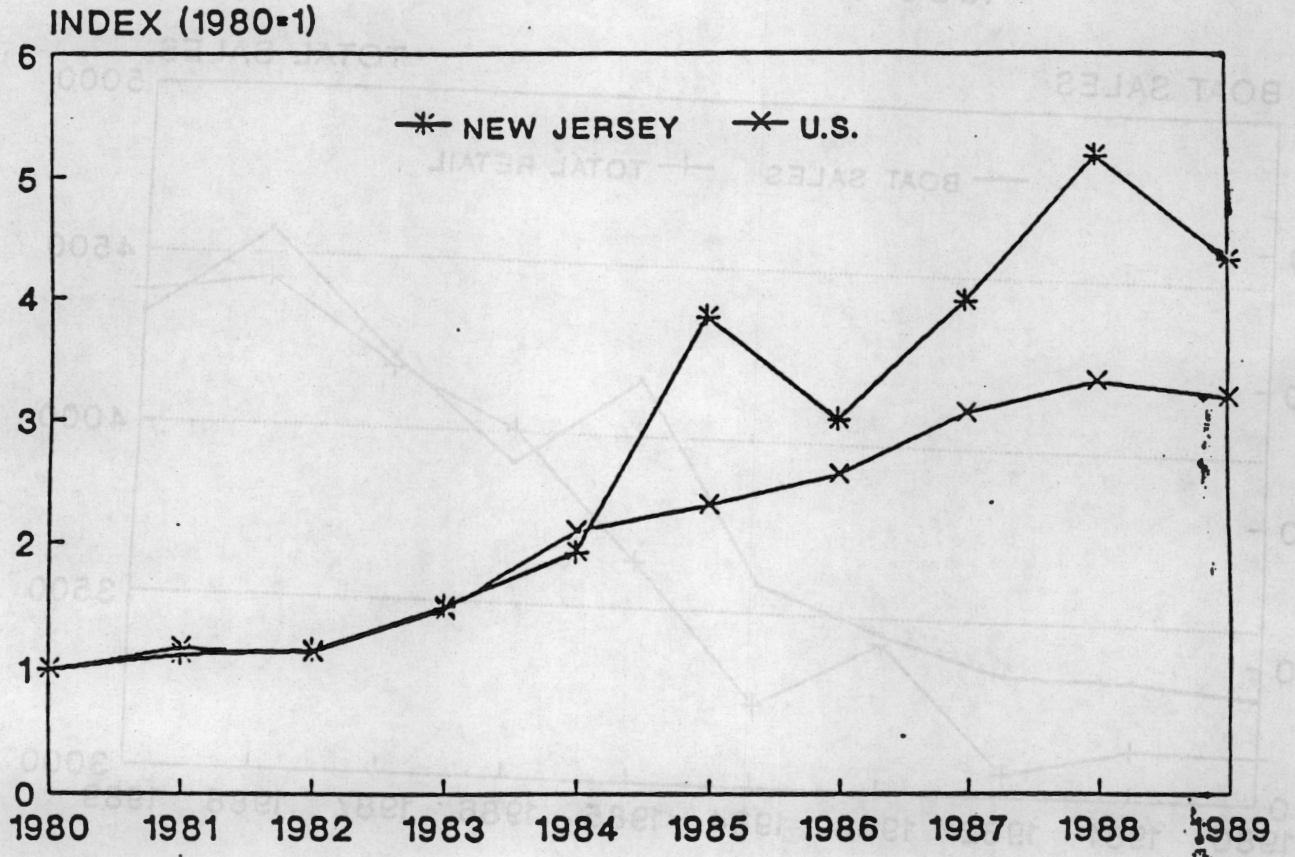
Dept. of Commerce

NEW JERSEY
BOAT SALES vs TOTAL RETAIL SALES
1980-1989 ($ MILLIONS)



- BOAT SALES IN NEW JERSEY PEAKED AT ALMOST $400 MILLION IN 1988.
- BOAT SALES HAVE GENERALLY FOLLOWED THE TREND OF TOTAL RETAIL SALES OVER THE TEN YEARS 1980 TO 1989.

BOAT SALES 1980-1989
NEW JERSEY & U.S.



- THROUGH THE 1980'S BOAT SALES IN NEW JERSEY GREW AT THE ANNUAL RATE OF 17% AS COMPARED TO THE NATIONAL AVERAGE OF 14%.
- SALES PEAKED IN 1988 IN BOTH THE STATE AND THE NATION. IN 1989, BOAT SALES DECLINED 16% IN NEW JERSEY AND 4% NATIONALLY.

ECONOMIC IMPACT ANALYSIS

A. A change in economic activity, such as a decline in the production of pleasure boats and yachts has multiple impacts on the State's economy that go far beyond the boating industry itself. These impacts consist of the direct, indirect and induced economic effects.

1. The direct effect is the initial loss of jobs, wages, and purchases of supplies and services by firms in the boating industry.
2. The indirect effects consist of the reduction in labor, services, materials and other items purchased by the businesses which supply and service these boating related firms.
3. The induced effects consist of reduced purchases in the State by households who are hurt from reduced employment and lost wages in both the directly and indirectly affected businesses. Retailing and services are especially important in this regard.

B. For instance, the reduction of $1 million in output (one yacht, perhaps) sets off a chain reaction of reduced sales and income which in turn leads to reductions in spending -- which in turn generates lost income, and even more cutbacks in spending. Impact analysis then estimates the cumulative effect on all industries. The New Jersey Department of Commerce Inter-industry Impact Model provides the total annual and industry-by-industry effects on employment, wages and output.

C. NEW JERSEY DEPARTMENT OF COMMERCE INTER-INDUSTRY IMPACT MODEL

FOR

BOAT BUILDERS, DEALERS & MARINAS

Estimated Multipliers

Employment Multiplier= 1.922

Output Multiplier= 1.702

Income Multiplier= 1.773

. An employment multiplier of 1.92 is the same as stating that for each employee lost in the boat building industry, there will be an additional .92 employees let go in <u>all sectors</u> due to the indirect and induced effects.

. The output multiplier 1.702 works the same way -- the original $1 million dollars in lost output of boating firms results in total lost output of $1.7 million in all sectors in the economy -- the riginal $1 million plus indirect and induced output of $700 thousand.

. Similarly, an income multiplier of 1.773 means that for each dollar of wages lost in the directly affected boat building firms, an additional $0.77 is lost through rounds of reduced spending.

ECONOMIC IMPACT OF A LOSS OF 3,250 JOBS IN THE BOATING INDUSTRY

Impact analysis can be used to estimate the total annual impact of some change or "disturbance" among a variety of industries. In this case, we have estimated the total impact resulting from a loss of jobs for three components of the "boating industry". These are boat builders, boat dealers, and marinas

Assumptions:*

An impact analysis was conducted based on the following:

Industry	Job Loss
Boat Builders	2,000
Boat Dealers	650
Marinas	600
Total	3,250 jobs lost

*These numbers are roughly in line with estimates provided by the "Coalition To Save Jobs In Boating", dated April 1991. Their estimated total job loss (3,415) was derived through telephone survey and personal contact with builders, dealers, and suppliers.

NEW JERSEY DEPARTMENT OF COMMERCE INTER-INDUSTRY IMPACT MODEL

RESULTS AND APPLICATIONS

BOAT BUILDERS, DEALERS & MARINAS

Initial Loss		X	Multiplier	=	Total Annual Loss
A. Employment	3,250	X	1.922	=	6,250 Jobs
B. Income (81$)	$65 Mill	X	1.773	=	$115 Mill
C. Output (81$)	$229 Mill	X	1.702	=	$389 Mill

- The direct loss of 3,250 jobs results in indirect and induced losses totalling 6,250 jobs throughout the State.

- In addition to the boating industry, other sectors would also suffer losses. Retailing, for example, stands to lose 1,387 jobs due to the reduction in the "boating industry", services over 750, and even insurance and banking would lose over 250 jobs. (See Exhibit A for details)

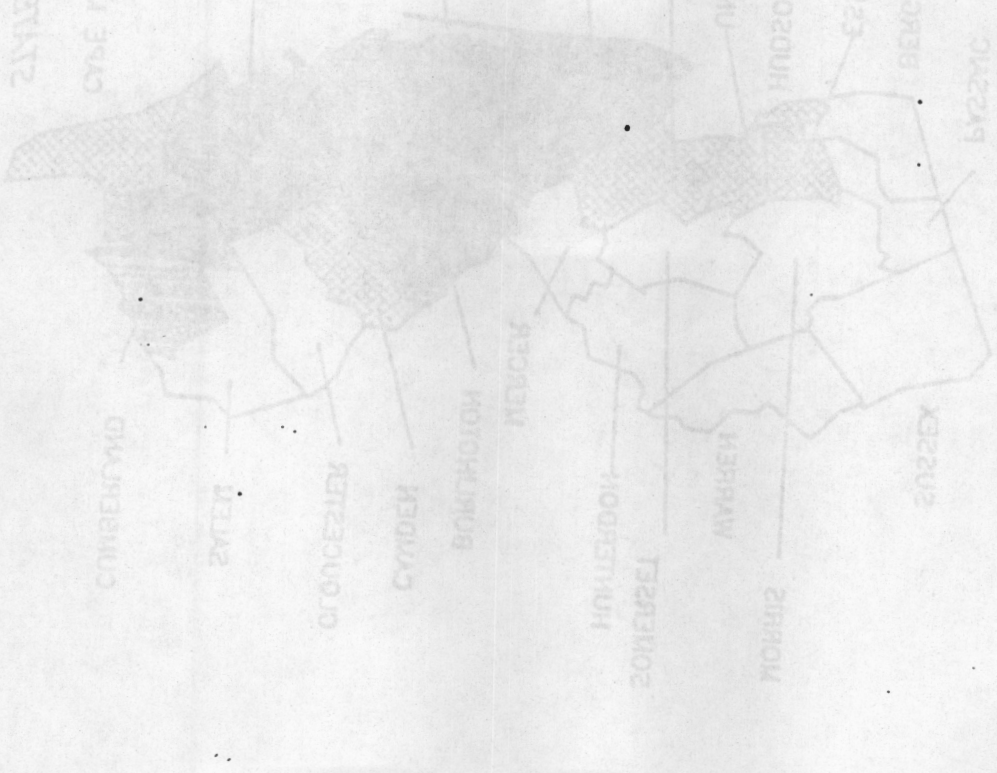
- These job losses will affect a wide range of occupations; about 800 machinists, 800 clericals and 225 secretaries, 300 craftsmen, and 300 mechanics among others. (See Exhibit B)

- The $80 million in lost wages ($65 million in 1981 dollars) in the boating industry would result in total lost wages of about $142 million in all industries.

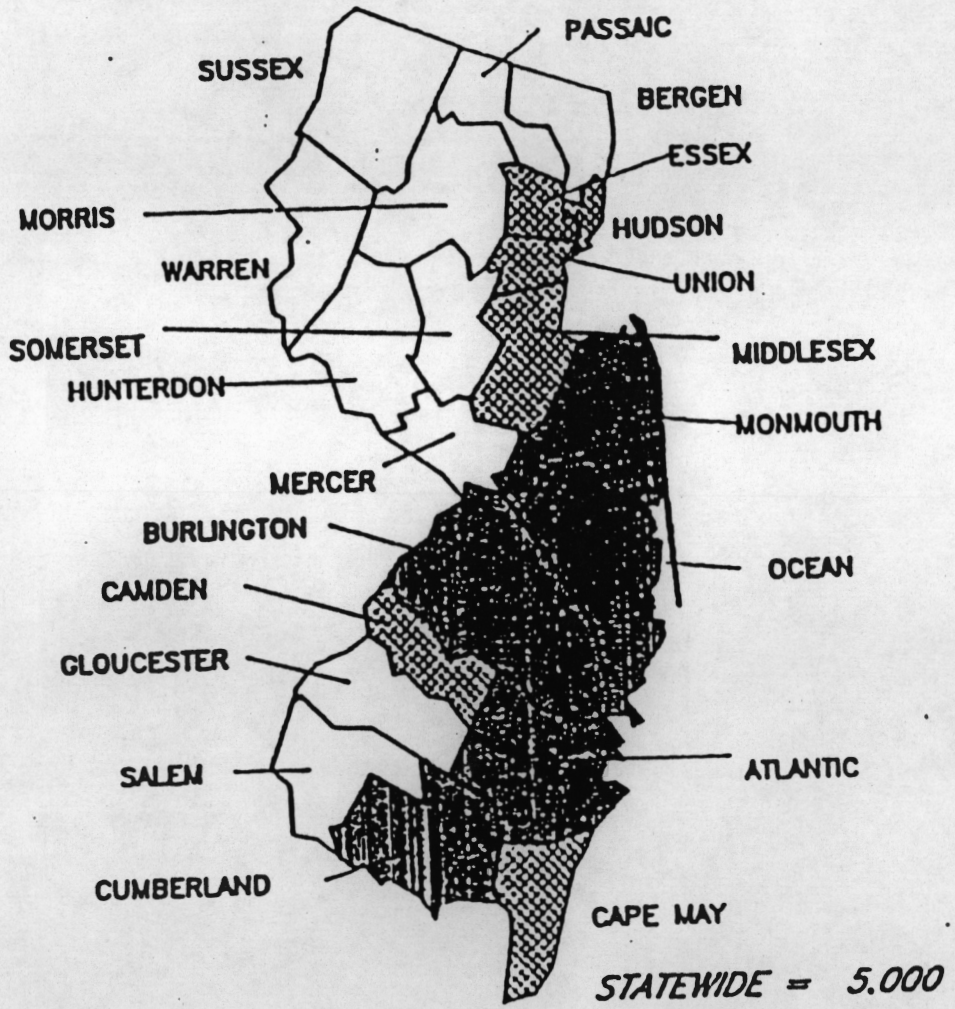
IMPACT ON NEW JERSEY COUNTIES

Impact analysis measures the statewide effect of job losses in the New Jersey boating industry. However, we expect most of the negative effects are realized in counties where boat manufacturers are located. Typically, suppliers and businesses providing related services are located near the primary manufacturers.

The map below identifies a total of five counties in New Jersey where employment by boat builders, dealers, and/or marinas exceeds 490 persons.



EMPLOYMENT IN N.J. BOATING INDUSTRY



JOBS
(NUMBER)

- LESS THAN 100
- 100 TO 490
- OVER 490

STATEWIDE = 5,000

Among the five counties, Ocean had the largest number of employees in the marine industries with over 1,000 in 1989 (the latest available data by county). In each of the five counties, however, the boating industry is an important employer.

The parallel effects of the recession and job losses in the boating industries have resulted in dramatic increases in the local unemployment rates:

	Unemployment Rates (March)			1989-91 Change In
County	1989	1990	1991	Unemploy Rate
Cumberland	6.8	8.7	11.8	+5.0
Atlantic	4.0	5.1	9.1	+5.1
Ocean	3.6	5.5	8.5	+4.9
Burlington	2.7	3.8	5.9	+3.2
Monmouth	2.8	4.2	5.3	+2.5

Moreover, in Atlantic, Burlington, and Cumberland counties boat building is a relatively large and significant share of the county manufacturing base.

	Employment		Boat Mfg. As
County	Total Mfg.	Boat Mfg.	A % of Total
Atlantic	7,464	640	8.6%
Burlington	24,176	758	3.1%
Cumberland	15,556	412	2.6%

This is an important observation since losses in the boat building sector are unlikely to be replaced by other types of manufacturing in these counties.

EXHIBIT A

WHOLESALE	521.2	27.710	12.658	21.478
WHLSALE-DURABLE-GOODS (50)	421.4	22.040	10.397	17.650
WHLSALE-NONDURABLE GOODS (51	99.8	5.670	2.261	3.828
RETAIL TRADE	1386.5	44.652	20.955	33.754
BLDG. MAT.-GARDEN SUPPLY (52	31.5	.867	.428	.665
GENERAL MERCH. STORES (53)	140.5	2.559	1.283	2.066
FOOD STORES (54)	81.4	1.904	.962	1.535
AUTO. DEALERS-SERV. STAT. (5	752.1	28.948	14.690	23.704
APPAREL & ACCESS. STORES (56	57.1	1.108	.550	.851
FURNITURE & HOME FURNISH. (5	34.9	.921	.487	.749
EATING & DRINKING PLACES (58	181.5	5.527	1.384	2.374
MISCELLANEOUS RETAIL (59)	107.5	2.817	1.171	1.811
FINANCE, INS., & REAL ESTATE	256.3	20.095	4.355	13.949
BANKING (60)	77.3	2.602	1.084	1.993
CREDIT AGENCIES EX. BANKS (6	33.4	1.584	.650	.830
SECURITY, COMM. BROKERS (62)	1.9	.140	.069	.103
INSURANCE CARRIERS (63)	65.3	3.604	1.303	1.678
INS. AGENTS, BROKERS (64)	15.8	1.053	.315	.644
REAL ESTATE (65)	45.2	9.645	.617	7.705
COMB. REAL ESTATE, INS. (66)	3.9	.826	.053	.660
HOLDING-OTH. INV.. OFF'S (67	13.5	.642	.263	.336
SERVICES	756.3	30.505	10.154	17.882
HOTELS & OTHER LODGING (70)	19.7	.617	.182	.278
PERSONAL SERVICES (72)	53.2	1.945	.683	1.161
BUSINESS SERVICES (73)	135.7	7.517	2.406	4.559
AUTO REPAIR,SERV.,GARAGES (7	37.3	4.523	.590	2.080
MISC. REPAIR SERVICES (76)	20.2	1.039	.333	.617
MOTION PICTURES (78)	4.1	.141	.045	.065
AMUSEMENT & RECREATION (79)	35.6	.910	.413	.569
HEALTH SERVICES (80)	216.8	7.863	3.198	4.796
LEGAL SERVICES (81)	16.3	1.055	.426	.791
EDUCATIONAL SERVICES (82)	77.8	1.242	.479	.669
SOCIAL SERVICES (83)	46.5	.759	.275	.384
MUSEUMS,BOTAN-ZOO.GARDENS (8	.6	.011	.004	.005
MEMBERSHIP ORGANIZATIONS (86	64.0	1.044	.378	.528
MISCELLANEOUS SERVICES (89)	28.5	1.840	.742	1.380
GOVERNMENT	14.1	.949	.326	.476
ADMIN. AUXILIARY	.0	.000	.000	.000
TOTAL	6247.9	389.157	115.083	190.728

EXHIBIT B

OCCUPATIONS AFFECTED BY A LOSS OF 3,250 JOBS IN THE BOATING INDUSTRIES

OCCUPATION	Number of Persons
ENGINEERS	
AERONAUT. ENGINEERS	79.4
CHEMICAL ENGINEERS	2.8
CIVIL ENGINEERS	6.7
ELEC. ENGINEERS	32.8
IND. ENGINEERS	26.0
MECH. ENGINEERS	37.3
METAL & MTRLS ENGNRS	2.8
MINING-PETRO ENGNRS	.3
SALES & NEC ENGNRS	12.9
COMPUTER SPECIALISTS	
COMPUTER PROGRAMMERS	20.4
COMPUTER ANALYSTS	13.2
CMPTR SPCLSTS & NEC	3.5
HEALTH PROFESSIONALS	
HEALTH TECHNOLOGISTS	16.6
NURSES, THERPSTS,...	38.1
PHYS. ,DENT.,...	30.9
ENG. & SCI. TECHS	
AGRI BIO TECHNICIANS	1.1
CHEMICAL TECHNICIANS	3.0
DRAFTSMEN	27.0
ELECTRCL TECHNICIANS	19.7
INDUST ENGNR TECHNCS	5.6
MECH. ENG. TECH.	4.0
MATH TECHNICIANS	.1
NEC TECHNICIANS	25.9
TEACHERS, EX. COLLEG	
PRE K, K-6 TEACHERS	17.1
7-12 TEACHERS	20.1
WRITERS, & ARTISTS	
EDITORS + REPORTERS	7.8
PUBLIC RELATIONS	8.5
NEC WRITERS & ARTSTS	54.1
RELIG,SOC,TEACH PROF	
RELIGIOUS WORDERS	17.7
SOCIAL SCIENTISTS	12.9
SOC & REC WORKERS	21.3
POST-SEC TEACHERS	6.0
PROF., TECH. NEC	
ACCOUNTANTS	68.4
AIRLINE TECHNICIANS	4.9
ARCHITECTS	2.8
FARM AND ENVIRONMENT	1.0
LAWYERS AND JUDGES	13.4
LIBRARIANS	3.0
BIO & PHYS SCIENTSTS	10.7
MATH SPECIALISTS	3.2
SYSTEMS ANALYSTS	21.3
LABOR RELATION WRKRS	26.4

RSRCH WRKRS	4.5
TECHNCS & ENGNRS	6.9
ATNL & ED CNSLRS	2.4
AGERS & ADMINIST.	
ANCIAL MANAGERS	34.8
M PRODUCTS MANGRS	2.4
LSL & RETL BUYERS	18.2
LTH ADMINISTRATRS	6.0
PECTORS	.3
C PUBLC ADMNSTRTRS	1.0
ILROAD CONDUCTORS	.3
STAURANT MANAGERS	24.8
LES MANAGERS	62.0
LLEGE ADMNSTRTRS	.6
12 SCHOOL ADMINS	2.8
C ADMINISTRATORS	685.0
ES WORKERS	
LES & ADVERT AGNTS	4.2
SURANCE AGENTS	28.6
AL ESTATE AGENTS	21.4
OCK & BOND BROKRS	6.5
C SALES WORKERS	447.0
RICAL WORKERS	
SURANCE ADJUSTERS	8.5
FO PROCESS WRKRS	58.8
CRETARIES	223.0
C CLERICL & KINDRD	832.6
ST. CRAFTSMEN	
LECTRIC LINEMEN	3.2
LECTRICIANS	62.5
ELEPHONE INSTALLERS	11.4
EC CONSTRUCTION	261.8
AFTSMEN, EX. CONST	
ORGE- & HAMMER-MEN	1.8
URNITURE FINISHERS	1.4
OCOMOTIVE ENGINEERS	.9
ACHINISTS	81.3
EPAIR & MECHANICS	298.5
RINTING TRADES	11.0
HEET METAL WORKERS	33.7
OOL AND DIE MAKERS	23.2
EC CRAFTSMEN	296.0
PERATIVES, EX. TRAN	
ACHINE OPERATIVES	46.1
EXTILE OPERATIVES	15.5
EC OPERATIVES	813.5
RANSP. EQUIP. OPER.	
ASS TRANSIT WORKERS	16.5
RAILROAD BRAKEMEN	1.7
TRUCK DRIVERS	102.8
NEC TRANSIT OPER'S	97.0
ABORERS	
CONSTRUCT LABORERS	30.2
OTHER LABORERS	337.5
ERS. SERV. WORKERS	
CLEANING WORKERS	104.1
FOOD SERVICE WORKERS	177.1

IMPACT OF JOB LOSSES IN BOAT BUILDING, RETAIL SALES, & MARINAS
(IN MILLIONS OF DOLLARS)

INDUSTRY	EMPLOYMENT (Number)	OUTPUT	WAGES	VALUE AD
		(Millions of Dollars)		
AGRICULTURE	11.6	.353	.095	.187
DAIRY PROD., POULTRY, & EGGS	.8	.076	.007	.020
MEAT ANIMALS & MISC. LIVESTO	.1	.011	.001	.002
COTTON	.0	.000	.000	.000
GRAINS, & MISC. CROPS	.1	.008	.001	.004
TOBACCO	.0	.000	.000	.000
FRUITS, NUTS, & VEGETABLES	3.3	.108	.027	.060
FOREST PROD.	.0	.000	.000	.000
GREENHOUSE & NURSERY PROD.	7.4	.150	.061	.101
AGRI. SERV., FORESTRY, & FIS	6.9	.323	.080	.173
AGRI. SERVICES (07)	5.9	.136	.061	.063
FORESTRY (08)	.0	.005	.001	.003
FISHING,HUNTING,&TRAPPING (0	1.0	.182	.018	.107
MINING	.6	.059	.014	.036
METAL MINING (10)	.1	.004	.001	.002
ANTHRACITE MINING (11)	.0	.000	.000	.000
BITUM. COAL & LIGNITE (12)	.0	.001	.000	.000
OIL & GAS EXTRACTION (13)	.0	.004	.001	.003
NONMETAL MIN.-EX. FUELS (14)	.5	.049	.012	.031
CONSTRUCTION	88.6	2.980	1.987	2.309
GENERAL BLDG. CONTRACTORS (1	.0	.000	.000	.000
HEAVY CONST. CONTRACTORS (16	.0	.000	.000	.000
SPECIAL TRADE CONTRACTORS (1	88.6	2.980	1.987	2.309
MANUFACTURING	2326.0	162.453	41.158	59.505
FOOD & KINDRED PROD. (20)	26.2	3.705	.514	1.199
TOBACCO MANUFACTURES (21)	.1	.007	.001	.002
TEXTILE MILL PROD. (22)	37.9	2.467	.623	.847
APPAREL & OTHER PROD. (23)	14.0	.591	.165	.209
LUMBER & WOOD PROD. (24)	42.9	2.735	.631	1.039
FURNITURE & FIXTURES (25)	7.8	.397	.122	.167
PAPER & ALLIED PROD. (26)	3.9	.415	.077	.134
PRINTING & PUBLISHING (27)	28.3	2.228	.450	.721
CHEMICALS & ALLIED PROD. (28	30.2	4.565	.691	1.438
PETROLEUM & COAL PROD. (29)	2.7	3.100	.083	.425
RUBBER & MISC. PLASTICS (30)	11.3	.755	.178	.299
LEATHER & LEATHER PROD. (31)	.9	.034	.011	.013
STONE, CLAY, & GLASS (32)	32.1	1.920	.565	.867
PRIMARY METAL PROD. (33)	4.4	.465	.071	.097
FABRICATED METAL PROD. (34)	50.7	3.484	.929	1.478
MACHINERY, EXCEPT ELEC. (35)	13.1	.809	.274	.394
ELECTRIC & ELEC. EQUIP. (36)	8.7	.589	.161	.231
TRANSPORTATION EQUIPMENT (37	2005.4	133.830	35.526	49.814
INSTRUMENTS & REL. PROD. (38	1.9	.125	.035	.055
MISC. MANUFACTURING IND'S (3	3.7	.233	.051	.078
TRANSPORT. & PUBLIC UTILITIE	879.8	99.078	23.302	40.977
RAILROAD TRANSPORTATION (40)	4.8	.300	.135	.162
LOCAL PASS. TRANSIT (41)	23.8	1.321	.336	.930
TRUCKING & WAREHOUSING (42)	44.0	2.535	.918	1.585
WATER TRANSPORTATION (44)	704.3	81.520	19.229	31.674
TRANSPORTATION BY AIR (45)	6.1	.411	.141	.242
PIPE LINES-EX. NAT. GAS (46)	.0	.006	.001	.004
TRANSPORTATION SERVICES (47)	26.9	1.181	.672	.771
COMMUNICATION (48)	36.1	3.317	.989	2.499
ELEC.,GAS,&SANITARY SERV. (4	33.7	8.487	.881	3.111

HEALTH ASSTS	62.7
PERSONAL SERVICE	85.6
PRIV HH WORKERS	.0
PROTCTV SRVC	45.8

viking yacht company

	Peak Year 1990	Low Year 1992	Projected 1994
Sales:	$98.9 million	$12.8 million	$40 million
Employment:	1451 people	60 people (presently 257 people)	500 people
Total Wages Paid:	$26.9 million	$3.5 million	$9.0 million
State Unemp. Tax	$223,000	$82,000	$300,000
State Income Tax	$1,157,000	$88,000	$350,000

Unemployment Benefits Paid by NJ and Charged to Viking for:

1990	$1,274,735
1991	$1,552,205
1992	$222,819

Data Compiled For: Hearing of Joint Committee of the NJ Legislature
October 13, 1993

"ON THE BASS RIVER" NEW GRETNA, NEW JERSEY 08224 (609) 296-6000
FAX (609) 296-3956

Ocean Yachts

October 13, 1993

Jim Florio, Governor, State of New Jersey
Members of the Senate and General Assembly
State House
Trenton, New Jersey

Gentlemen:

I am writing in support of efforts of the NJ Boat Builders Association to seek legislation providing loan guarantees to association members in order to revitalize the boat building industry in New Jersey.

Boating is a credit-dependent industry. Manufacturers require working capital and long term funds for investment in plant, equipment, and boat molds. Dealers require inventory financing, and most retail purchases are financed at least in part.

The much-publicized problems within the banking industry nationwide exacerbated the problems faced by our industry resulting from a weak economy and the imposition of the federal excise ("luxury") tax on boats costing over $100,000. Our own bank, the First National Bank of Toms River, failed in 1991, was placed in FDIC receivership, and was eventually acquired by First Fidelity Bank. This occured at a time when we were attempting to restructure our obligations to First National and effectively left us without a credit facility until we were able to establish a working relationship with First Fidelity Bank.

We are now at a point in the business cycle where we can see the potential for an industry recovery. The luxury tax has been repealed, interest rates are still low, and there is a certain amount of pent-up demand among prospective retail customers. Those of us who have survived, however, have been weakened to the point where we may not be able to take advantage of improving circumstances. Neither manufacturers, suppliers, nor dealers have the funds availble for the investments in working capital or in fixed assets that are necessary to support a recovery. And the private banking industry, as we at Ocean Yachts know from direct experience, is being very conservative in its willingness to lend again in our industry until we show some positive results. Therefore, we are looking to the state for assistance.

69x

Ocean Yachts, Inc., Post Office Box 312, Egg Harbor City, New Jersey 08215 609-965-4616

The following figures represent the experience of Ocean Yachts from 1988 to 1992, and our projection of what could be done in 1994 if adequate financing were available:

	Peak (1988)	Low (1992)	1994 Projected
Sales:	$66 million	$12 million	$29.6 million
Employment:	338 people	51 people	145 people
Total Wages Paid:	$9.4 million	$2.1 million	$4.9 million
State Income Tax Paid:	$821,000	$66,000	$250,000
State Unemp. Tax Paid:	$240,000	$51,000	$114,000

In addition to the loss of jobs, wages and tax revenues from Ocean Yachts directly, there is a corresponding loss from our vendors and dealers located in New Jersey. We subcontract much of our component manufacturing to local companies to the extent that we estimate that three subcontract jobs are created by each direct assembly job at Ocean Yachts.

Our employment is currently at 64 people. On behalf of all of us here at Ocean Yachts we thank you for consideration of our situation.

Sincerely,

John E. Leek, III
President

JOHNSON & TOWERS, INC.
DETROIT DIESEL - ALLISON

JOHNSON & TOWERS MARINE OEM BUSINESS

PAST, PRESENT and FUTURE

	Peak (1988)	Low (1993)	1994 Projected
Sales:	$32,000,000	$5.5 Million	$7.5 Million
Employment:	70 People	7 People	9 People
Total Wages Paid:	$1.4 Million	$180,000	$190,000
State Unemployment Tax	$110,000	$14,000	$15,000
State Income Tax	$30,000	-0-	-0-

October 13, 1993

❑ Baltimore
500 Wilson Point Road
Baltimore, MD 21220
(410) 687-0500
(410) 687-5137 Fax

❑ Mt. Laurel
Rt. 38 & Briggs Road
P.O. Box 4000
Mt. Laurel, NJ 08054
(609)234-6990
(609) 234-3570 Parts
(609) 234-3635 Fax

❑ Beltsville
6861Distribution Drive
Beltsville, MD 20705
(301) 937-8700
(301) 937-3290 Fax

❑ Cambridge
5403 Mt. Holly Road
East New Market, MD 21631
(410) 228-2138
(410) 228-4654 Fax

❑ Wildwood
670 W. Montgomery Ave.
Wildwood, NJ 08260
(609) 522-0506
(609) 522-6672 Fax

Mahogany
COMPANY OF MAYS LANDING INC.
DISTRIBUTORS TO THE FRP INDUSTRY

October 13, 1993

State of New Jersey
The Senate and General Assembly
State House
Trenton, New Jersey 08646

To the Joint Committee:

In Fiscal Year 1989, Mahogany Co. of Mays Landing, Inc., distributors of fiberglass and related products, recorded gross receipts of approximately $20,000,000 and employed sixty plus employees. Being tied to the Marine Industry to the tune of 65 to 70 percent, the recent decline has affected our company's ability to grow and prosper in a direct manner. 1990 and 1991 saw gross sales drop to $13,000,000 and $9,500,000 respectively. Employee totals dropped from a high of 62 in 1989 to a ten-year low of 25 in 1992. Although we scrambled to diversify our sales to other segments of the fiberglass industry, the marine market had indeed dealt us a crucial blow. Poor cash flow, high receivables, bad debts and the inability to secure necessary financing, were all directly tied to the sudden collapse of the Marine Industry. It is readily evident that the problems occurring to our marine customers was having a "Filter-down" effect on distributors and suppliers alike. Lack of cash flow and the reluctance of the lending institutions to assist the marine manufacturers has translated into potential disaster for companies such as ours.

Not only have long-term growth and expansion plan been put on hold, but short-time survival is now a genuine concern. The infusion of much needed capital into this industry is not only essential, but is necessary in a timely fashion.

However, in looking to 1994 and beyond, we are indeed optimistic that the resurgence of the Marine Industry will enable companies like Mahogany Company to again prosper. We would expect total sales dollars and number of employees to parallel the future growth of the Marine Industry.

Very truly yours,

George B. Aaron

GEORGE B. AARON
Chairman

GBA:gw

PO Box 99, 5450 Atlantic Avenue
Mays Landing, New Jersey 08330
609/625-8101 - Fax 609/625-8209

72X

HELLO, MY NAME IS ANTHONY CARRACINO

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I STAND BEFORE YOU TODAY IN SUPPORT OF DOING EVERYTHING WE CAN TO AID THE BELEAGUERED BOAT INDUSTRY IN NEW JERSEY.

WE ARE STILL SUFFERING THE NEGATIVE EFFECTS OF THE REPUBLICAN-IMPOSED LUXURY BOAT TAX OF THE MID-80's. BOAT COMPANIES HAVE BEEN DRIVEN OUT OF BUSINESS, CONTRIBUTING WITH OTHER FACTORS TO MAKE NEW JERSEY LEAD THE NATION IN FORECLOSURES AND TO PUT OCEAN AND MONMOUTH COUNTIES AT THE TOP OF THAT LIST.

I SUPPORT THE CONCEPT BEHIND THE LEGISLATIVE PACKAGE BEFORE YOU TODAY.

THE ECONOMIC DEVELOPMENT AUTHORITY HAS BEEN A LIFEBOAT FOR SMALL AND MEDIUM-SIZED BUSINESSES HERE IN NEW JERSEY OVER THE PAST FEW YEARS--KEEPING THEM AFLOAT IN THE WAKE OF THE RIPTIDE OF NATIONAL RECESSION AND REPUBLICAN FEDERAL BOAT TAX.

WE MUST EXTEND THE EDA'S LOAN PROGRAMS TO THE BOAT INDUSTRY. TO THE EXTENT THAT S-2048, S-2049 AND S-2050 DO THAT, I SUPPORT ALL THREE BILLS.

HOWEVER, I WOULD REQUEST MINOR AMENDMENTS TO THE LEGISLATION, THERE SEEMS TO BE SOME AMBIGUOUS LANGUAGE IN S-2048 THAT COULD CONCEIVABLY BENEFIT A COMPANY THAT EMPLOYS ONE OF YOUR COMMITTEE MEMBERS.

AS THE BILL READS TODAY, THIS SENATOR'S EMPLOYER WOULD BE ELIGIBLE TO APPLY FOR THE LOAN PROGRAM THAT HIS BILL WOULD CREATE. THAT, IN MY EYES AND IN THE EYES OF MOST RATIONAL PEOPLE, CONSTITUTES A CONFLICT OF INTEREST.

I WOULD URGE THE COMMITTEE TO LOOK CLOSELY AT THE LANGUAGE OF THE BILL, SPECIFICALLY AT SECTION 5 (D), AND FIND A WAY TO CLARIFY THIS AMBIGUOUS WORDING.

AS THE BILL READS NOW, <u>ALL</u> BOATING INDUSTRY COMPANIES WOULD BE ELIGIBLE TO APPLY FOR AND RECEIVE THESE LOANS. IN

TRUTH, ONLY QUALIFIED BOAT COMPANIES DESERVE TO APPLY FOR THESE LOANS.

SPECIFICALLY, MY POINT IS, THAT A PERCEPTION EXISTS CONCERNING AN APPARENT CONFLICT OF INTEREST FROM A SENATOR SPONSORING LEGISLATION FROM WHICH HIS EMPLOYER COULD DERIVE DIRECT BENEFITS.

WHILE HE, AND OTHERS, MAY CONTEND THAT THIS IS NOT THE CASE, I DIRECT YOU TO SENATE BILL 2048, PAGE 3, SECTION 5 (D).

I QUOTE: "In evaluating a loan application submitted by a boat manufacturer, importer or distributor, as certified by the (Economic Development) Authority pursuant to subsection c. of this section"---WHICH HAS TO DO WITH THE LOANS--"the authority shall place primary emphasis on the applicant's record of profitability and financial stability prior to January 1, 1990, and on projection by the applicant, including the data and assumptions forming the basis thereof, of recovering profitability and financial stability over the term of the loan."

LET ME READ THE LAST PART AGAIN: "....the authority shall place primary emphasis on the applicant's record of profitability and financial stability prior to January 1, 1990, and on projections by the applicant....of recovered profitability and financial stability over the term of the loan."

THIS LAST PART, IN A NUTSHELL, WOULD QUALIFY EVERY BOAT INDUSTRY COMPANY IN NEW JERSEY...INCLUDING THE SPONSOR'S EMPLOYER...TO APPLY FOR A LOAN, WHICH ACCORDING TO THE BILL COULD BE FOR UP TO FIVE YEARS.

I WOULD ASK THAT COMMITTEE MEMBERS FIND A WAY TO REMOVE THIS CONFLICT OF INTEREST, THEN RELEASE THESE BILLS AS FAST AS IS LEGISLATIVELY POSSIBLE.

THE BOATING INDUSTRY IS IN AGONY. DON'T DELAY THIS LIFESAVING MEDICINE ONE DAY MORE.

THANK YOU FOR YOUR TIME.

59034YF MC
5-26-94 160265
848