

Senator CONNALLY. That would not affect the little boats. They would hardly bring those across the ocean.

Mr. SMITH. Yes, sir; there are a great many of them brought in. I have the figures. I have not them here, but the large majority of the boats brought in last year were little ones. I think there were only two large-sized boats out of 47. There have been in the past great numbers of them brought in on the decks of steamers to Halifax or to Habana, and they have come in under their own power.

Senator SHORTRIDGE. What would you describe a little boat to be, a little yacht? You used the words "a little one."

Mr. SMITH. One up to 50 or 60 feet, I suppose; one that could be readily handled on to the deck of an ocean steamer.

Senator SHORTRIDGE. Not one which would navigate across the ocean?

Mr. SMITH. No; not one that could navigate across. They are brought into some near-by port or they might go all the way in. Then it would be, of course, imported.

Senator HARRISON. What would one of these little boats 50 or 60 feet long sell for?

Mr. SMITH. Well, sir, it depends entirely on the amount of power in them and how they are fitted up. They would range from \$10,000 up to \$15,000 or \$20,000, and they might go up to \$75,000. It depends entirely on what you put into them.

I am suggesting in my brief that a tax should be imposed on these foreign-built yachts. There are quite a number of them. They are very expensive yachts. There are at least four or five million dollars' worth still to come into the United States that are built abroad. I am suggesting to you you put the 10 per cent tax on those boats and you apply it in the same manner that you would on an imported article. Put an ad valorem duty on a boat, including its equipment.

Senator HARRISON. Do you think we could tax one that is built in a foreign country just because it is used in this country?

Mr. SMITH. I do not see why not. If the duty is put on it now, I do not see why it would be any different, really, than imposing a tax on imported articles.

In the end, of course, if the committee decides that a tax should be imposed upon domestic-built yachts, I would think that the 10 per cent is out of range with the tax imposed on other vehicles of transportation, and it should not be any higher. As a general proposition, I think we would all favor a manufacturers' tax at the lower rate that was more broadly distributed than one that would apply only to a few articles.

The CHAIRMAN. I have been requested to include in the record the following letter addressed to Senator Hale, of Maine, by the Old Town Canoe Co.:

OLD TOWN CANOE CO.,
Old Town, Me., April 9, 1932.

HON. FREDERICK HALE,
Washington, D. C.

MY DEAR SENATOR HALE: We can not refrain, in view of the present situation in our business, from registering the strongest possible objection to the proposed 10 per cent tax on boats and canoes. This industry is in no position to bear any such tax at the present time.

We are now endeavoring to keep our factory force intact by operating on three to four days per week and having about one-third of our normal crew at work. This means that we are running at about 20 per cent of capacity.

From sales of approximately 5,000 canoes and boats during 1929 and 1930 we dropped last year to a little more than 3,000, and present indications show that our sales this year will be in the vicinity of about 1,500. No larger sale is anticipated, even though prices have been reduced and are now lower than they have been for a great many years.

Last December 3 an increase in freight rates went into effect covering territory from New England to the Mississippi River and the increases range from 21 to 76 per cent with an average of approximately 40 per cent. This results in an increased cost to the buyer of approximately 5 per cent.

We realize that taxes must come from somewhere, but certainly an industry like this which is hardly more than holding its own at the present time is in no position to take on additional burdens.

Yours very truly,

S. B. GRAY, *Treasurer.*

STATEMENT OF W. B. HAYS

THE MARINE INSTITUTE,
Philadelphia, April 20, 1932.

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: Yesterday we waived the time allotted to us for hearing in order to conserve the time of your committee.

In the interest of the manufacturers, distributors, dealers, repair and boat yards of the country, we concur most heartily in the statement made by Mr. Sutphen, Admiral Wiley, and Mr. Smith yesterday.

Our manufacturers recognize the importance of the task before your committee and Congress in providing new revenue to meet the economic condition and loss of regular revenue to the Government. They feel certain that you and your associates will see to it that every possible economy and reduction in Government expenditures will be made in order to call for the least possible amount of new revenue.

Also, sensible thinking Americans wish that it would be possible, and feel that it would have a tremendous psychological effect if Congress could declare, at least during the period of this emergency for raising new revenues, that a palatable cereal beverage and a light wine were permissible, because it would raise new revenue and still further reduce governmental expenditures, and lessen the general crime condition in the country; but most of all it might just be that psychological something that is needed to restore confidence. The last alibi of the pessimist would be eliminated.

Whatever additional revenue must be raised should be borne, as we all feel, by all industry equitably, and not as any special excise or discriminatory tax upon any one, or a very few industries, as proposed in the bill sent over from the House to the Senate, and which you are now considering.

From the evidence yesterday, it was pointed out carefully how the boats that are built abroad for individual owners and operators in this country would not be taxed at all under the bill. We do not want to see boats given a discriminatory tax higher than any other vehicle of transportation, and hope for such favorable consideration from your committee, and any official action taken by Congress in the revenue act of 1932.

Yours very truly,

W. B. HAYS, *President and Secretary.*