

July 2007

FUN IN THE PARK!

We're retired, and living in a dumpy trailer park in Florida. OK, it is temporary... but it's the truth! We completed the sale of our home, and in the same week, we made an offer on a 38' Island Packet sailboat in Florida. We loaded a U-Haul trailer, took our personal belongings with us, and checked into a one month rental at a trailer park in North Fort Myers. This will be our transition stay as we have a survey and sea trials on the boat, and finalize the purchase. A trailer park in Florida! Aaaaarrgghh!



The highlight of the past week was the sea trial. We were on the water just briefly, to test the engine, autopilot, and inspect each of the sails. Still, there was joy in our hearts to be out on the water. The boat performed flawlessly, and the surveyor found only minor problems. It's all a "GO" from here. The boat is currently in the yard for a bottom job and to compound, buff, and wax the hull. We might as well start out right!



Ken Hitchins based in Palmetto, FL did the survey. He's in the photo here checking out the hull. Ken did an excellent job, and was VERY thorough. Many surveyors just look up at the masthead with binoculars; Ken actually went up in a bosun's chair and checked everything up close!

TAXES:

Here's some LESSONS LEARNED during the process of buying a "Live Aboard" boat. This is a big ticket item, and besides the purchase price, there are other financial issues. Sales/Use tax, Insurance, Ad Valorem or Personal Property Tax, and State Registration fees.

Sales Tax is the most intriguing. There are “urban legends” about people skating on paying the sales tax. Some states, including Florida, allow you to exempt sales tax if you show proof you are not a local resident and you quickly take the boat out of state. But guess what... they send the information to your home state, which then bills you for a “use” tax! (Georgia calls in an “import tax”). Further, other states such as Maryland and Virginia (read: Chesapeake Bay) have tax enforcement looking for anyone who has failed to pay sales tax. If your boat is in their state, they’ll bill you for use tax, unless you have a receipt that you’ve already paid sales tax. So, if you really, really, want to avoid sales tax, you start with having a fake driver’s license for a state other than where you’re buying the boat. Your fake driver’s license has to show a fake address. Afterwards, you have to stay constantly on the move to avoid getting caught in the enforcement net. And, you’ll be hit with additional penalties if they catch you! Does this sound like its more trouble than it’s worth? It did to me. Mary and I went ahead and paid the sales tax, and we’ll keep the receipt to show other states. 6% sales tax on \$100,000 boat = \$6,000.

Insurance is the other big ticket item. Before the disastrous 2004 and 2005 hurricane seasons, insurance on a \$100,000 boat would be around \$1,200 a year. Now, insurance for a live aboard sailboat in this price range is close to \$4,000 a year. That’s \$330 per month from your cruising budget! OUCH! That is, if the boat is in Florida or if it includes Florida within its geographic range for June through October. I’m buying a boat in Florida, in July. So, there was no way I could avoid this one. My plan now is to pay the exorbitant rate the first year, and then get a fresh set of insurance quotes next year while I’m in Chesapeake for the summer. Outside of Florida-in-hurricane-season, rates are often cut in half. SUGGESTION: Before you make an offer on a boat, call and get insurance quotes. It may affect your decision!

Personal Property or Ad Valorem taxes vary by state. Georgia charges it by County, with the trigger being the state registration. If you register your boat in Cobb County, you can then argue the issue and not pay the tax, if the boat really isn’t kept in Cobb County. But be careful; you have to state where the boat actually is being kept. They may forward the info to the other Georgia County, which would then bill you. One year with my cabin cruiser, I got bills from three different counties! I paid one and refuted the other two. Now, with the sailboat, life is easier. Florida exempts boats from personal property tax! Hurray! Some states will want to charge you with personal property tax if your boat is there at the beginning of the year. Check the state where you plan to have your boat based. If you are going to be full time cruisers, then check the policy where the boat will be registered, but also be alert to issues in other localities.

State Registration. For cruisers, some states will insist your boat be registered with them if it’s in the state for a certain period of time. Yes, even if it’s already registered elsewhere! Again, the Chesapeake Bay states of Virginia and Maryland are doing this. The registration fees are an annoyance, but it’s better to pay up than to face being frequently pulled over because you don’t have the right color “sticker” for the local state. You can say you just arrived... but that won’t work if you’ve signed a three month low-cost dock lease at a marina! Even for a documented yacht, they still want their fees paid and sticker applied; they just call it a “use decal”. Florida fees are around \$80 per year. Georgia fees are around \$80 also, but the sticker lasts four years. These costs are small compared to the BIG items of sales tax and insurance. Just accept the fees for registration and “use decals”, and pay ‘em.

Enough about finances. As the pundit says, you gotta pay for your thrills. (Smile!)



Here's some photos to prove we haven't yet dropped off the face of the earth. We're just in a holding pattern, very close to the edge. The trailer park is close enough to the end-of-civilization that we can see it from here. (Smile!)

CURRENT PLANS:

We'll move aboard next week, and we'll be out of the trailer park. YOO-HOO! Then, we've contracted for a week of private instruction from Captain C.J. Coulson, one of the instructors from the Windsong Sailing Academy in Atlanta Georgia where we trained. The idea is to build our skills and our confidence level with private instruction on "our" boat. We'll repeat the stuff we've already learned, as well as learning how our boat behaves. It's a BIG step moving from a 24' power boat to a 38' sailboat. It's not so scary if we have an instructor on board for a week. It's a small investment for a major lifestyle change.

Hey, we look forward to sailing with you again, C.J. !