

January, 2025

To: The Committee on Taxation

RE: LD 68 – An Act to Amend the State Tax Laws

Senator Grohoski, Representative Cloutier, and members of the Committee on Taxation, my name is Stacey Keefer, Director for the Maine Marine Trades Association (MMTA), and a resident of Union. MMTA represents over 120 Maine businesses and an industry comprised of boatyards, boat builders, marinas, boat dealers, marine retailers, and more. Boating has a long history in Maine and boat building is one of our heritage industries. Recreational boating and fishing are the dominant contributors to the Maine Outdoor Rec Economy. The federal government's Bureau of Economic Analysis data indicates that the activities of recreational boating and fishing surpass the combined value added by hunting, snow activities, hiking, camping, ATVing, equestrian, bicycling, and recreational flying in Maine. (source <https://www.bea.gov/data/special-topics/outdoor-recreation>).

LD 68 proposes language changes that would exclude leasing from the current sales tax exemptions of watercraft sold to non-residents. While our organization is neither for nor against LD 68, I would like to explain the importance of the watercraft sales tax exemptions for non-residents since the topic came up in the public hearing for LD 68.

New England has a high concentration of boaters and a very competitive regional retail market. Watercraft can be fairly easily moved between states, and therefore anyone in New England considering purchasing a boat is likely going to shop in multiple states. Both Rhode Island and New Hampshire do not charge ANY sales tax on their watercraft for either residents or non-residents. Connecticut dropped their sales tax on watercraft from 6.35% to 2.99% back in 2018 in order to be more competitive in the New England market. The Connecticut Marine Trades Association reported a surge in watercraft sales following that tax reduction.

Maine currently allows a complete tax exemption for nonresidents who purchase watercraft here and plan to remove the boat from the state within 30 days of purchase. The buyer must sign an affidavit of exemption and provide their social security number and birth date on the form provided by a dealer/seller. The same affidavit form is used when a non-resident purchases a boat in Maine but plans to use it in Maine for more than 30 days during the 12-month period following the date of the sale. In that case the sales tax is reduced by 60%. If the buyer then used the vessel more than 60 days in Maine, they would then also have to pay excise taxes and Maine registration fees.

We sensed during the public hearing on LB 68 that there was concern for unequal taxation for residents compared to nonresidents. That is true but it is based on special regional circumstances for our boat builders and dealers to keep their businesses operating. We would absolutely oppose any proposed increase on watercraft sold to nonresidents.

We appreciate this opportunity to introduce our organization to this Committee. I would be happy to attend the work session if desired or answer any questions via email; please reach out to stacey@mainemarinetrades.com.

Respectfully,
Stacey Keefer
Maine Marine Trades Association, Executive Director

