

March 2025

To: The Committee on Taxation

RE: LD 908 – An Act to Eliminate the Sales Tax on Prepared Foods and Support the State's Hospitality Industry

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 leading value-added 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 908 concept draft proposes to remove sales tax on prepared foods and replace the revenue with an increased sales tax on "high-end luxury items such as bicycles, boating gear, and other recreational equipment." It is unclear if the concept would also aim to increase the sales tax on watercraft or just gear and accessories related to watercraft. While we appreciate the desire to help one industry in Maine, we are opposed to doing so at the expense of another industry which is an important heritage industry, job provider in rural areas, and economic contributor. There are many marinas that have restaurants that are popular with both boaters and non-boaters. Many recreationists like to plan their excursions and activities around places to eat. The food service industry and outdoor recreation industries do complement and support each other. Despite that synergy, we believe sales tax on boats and boating items are more sensitive to change than the tax on meals.

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. The same cannot typically be said for someone thinking about a dining option. 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, and a reduced tax if the boat stays more than 30 days in the first year of ownership. Both Rhode Island and New Hampshire do not charge ANY sales tax on their watercraft and boating gear 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. Canada implemented a luxury tax in 2022 on watercraft and other higher value items that essentially failed to meet their revenue projections and resulted in a drop in boat sales and job losses. Therefore, we believe a change

in watercraft tax could be detrimental to our boat building and boat sales sector that is already facing economic uncertainty and more challenging markets due to tariff changes.

We would also like to add that not all watercraft and boating items are luxury or recreational items. Boats are also used for transportation and commercial purposes; examples include summer camps, guides, water taxis, fisheries, and sea farmers. The National Marine Manufacturers produce a national and state impact study every year. Their data shows that 95% of boats in the United States are not large, luxury yachts; they are small watercraft under 26 feet in length. Some people also use boats as a means to harvest/fish for personal food sources.

In summary, we urge the Committee to carefully weigh the benefits of this proposal versus the unintended consequences on marine businesses. Some may look at boating and recreational items as unnecessary, but they are often used in commercial applications or in a way that provides both physical and mental health benefits in the outdoors. We believe time spent on the water and being outdoors is vital to our wellbeing and is not just a luxury.

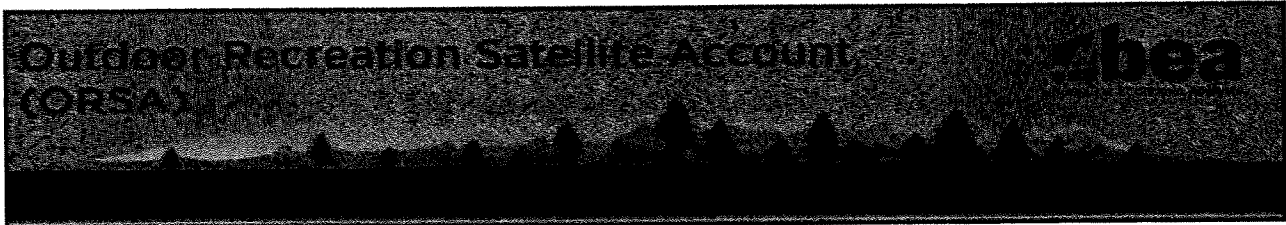
If you have any questions, please reach out to stacey@mainemarinetrades.com.

Respectfully,
Stacey Keefer
Maine Marine Trades Association, Executive Director



Outdoor Recreation Value

According to the US Bureau of Economic Analysis, recreational boating and fishing add more value to Maine GDP than the combined values of snow activities, hunting, climbing/hiking, tent camping, motorcycling, ATVing, equestrian, bicycling, and recreational flying activities.



2023—Maine

Value added [gross domestic product]		Employment		Compensation	
ORSA total	Share of state	ORSA total	Share of state	ORSA total	Share of state
\$3.4 billion	3.7%	29,863 jobs	4.5%	\$1.5 billion	3.0%

Value Added by Select ORSA Activity [Thousands of dollars]				
Activity	2021	2022	2023	State rank
Boating / fishing	291,182	332,938	384,426	30
RVing	260,276	268,255	264,995	28
Snow activities	61,589	96,145	108,214	19
Hunting / shooting / trapping	52,172	52,815	54,857	42
Climbing / hiking / tent camping	37,725	39,512	45,616	37
Motorcycling / ATVing	29,010	38,383	37,954	41
Equestrian	27,776	19,150	19,738	44
Bicycling	7,330	6,722	7,417	42
Recreational flying	3,786	5,538	5,254	47

ORSA value added consists of the gross output of an industry less its intermediate inputs: the contribution of an industry to gross domestic product. Source: US Bureau of Economic Analysis

Supporting the boating industry for over 58 years -including boat builders, boat yards, boat dealers, marinas, marine retailers, publications, training facilities, and more.

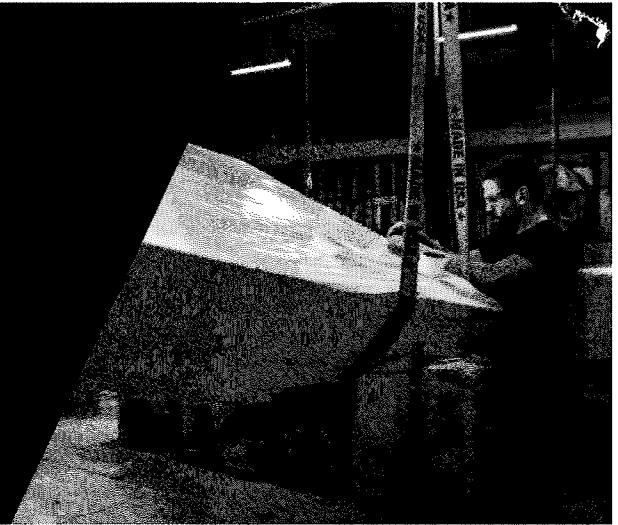


mainemarinetrades.com and LoveMaineWaters.org

Stacey Keefer, Executive Director stacey@mainemarinetrades.com or 207-773-8725

RECREATIONAL BOATING

Impact in Maine



\$3.0 BILLION

ANNUAL ECONOMIC IMPACT¹

(Includes direct, indirect and induced spending)

11,977

Jobs supported¹
(Direct and indirect)

619

Businesses supported¹
(Direct)

116,827

Registered boats²

\$270.8 M

Annual new boat, engine, trailer, and accessory sales²

RECREATIONAL BOATING IN AMERICA



95% of boats sold in the U.S. are **MADE IN THE U.S.**²



61% of boat owners have an annual household income of **\$75,000 OR LESS**³

93% of U.S. boat manufacturers are **SMALL BUSINESSES**¹



95% of boats are towable boats **SMALLER THAN 26 FT.**²

