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Chairman Coley, Vice Chair Seitz, Ranking Member Yuko and Members of the Senate Government Oversight and Reform Committee, my name John Sima and I own Sima Marine in Eastlake, Ohio. Sima Marine, a family owned and operated business, has been serving Northern Ohio boaters for over fifty years.

With over 40 years working in the boating industry, I have been a part of many organizations and associations with a keen interest to continuously improve life on the water. Throughout the years I have been involved with starting boating organizations like the Lake Erie Marine Trades Association and the Marine Retailers Association of America.

I am here today to ask for your support for an amendment to Senate Bill 293 that would benefit the watercraft dealers in Ohio and the customers we serve. The Ohio Use Tax law levies a tax on the "storage, use or consumption" of tangible property in Ohio. In some cases, Department of Taxation has been assessing out-of-state boat owners under this law when the boat is brought into the state for winter storage or for over the winter work, refitting, etc., or a combination of both.

The tax is based on the current value of the boat, with credit given for sales tax paid in the state of purchase.

Our industry stands firm that no attempt should be made to collect tax on an out of state boat which is in Ohio solely for winter storage or for repairs over the winter seasons.

This is a no win situation for the State and for Ohio businesses, in that sales taxes are paid on services provided in storing the vessel, on repairs, refitting, etc. Subjecting boats to use taxes on the value of the boat will (and already has) resulted in out of state boats going elsewhere for winter storage, repair, and refitting work. The likelihood of continued revenue to the State from this policy is minimal. Both the State and Ohio businesses are losing in the long run. We believe that it is likely that the state is losing more tax revenue than what is currently being collected, due to loss of potential business.

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Our industry has been proactively working with the Ohio Department of Taxation on this issue. We are asking for your support of an amendment to section 5739.02 to address these concerns. The amendment could create a clear exemption, so boat owners who choose to patronage Ohio business during the off season, will not be penalized with an unexpected tax bill.

Chairman Coley, I thank you for the opportunity to bring the boating industry's perspective on this issue. We would appreciate the Senate's support on this initiatives. I am happy to answer any questions from the committee.

Sincerely,

John Sima

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