



Chairman Merrin, Vice Chair Riedel and Ranking Member Sobecki and all members of the House Ways and Means Committee, thank you for the opportunity to provide comments in favor of House Bill 314 on behalf the Lake Erie Marine Trades Association (LEMJA and the Boating Associations of Ohio (BAO). Our associations welcome boat dealers, marina operators, watercraft manufacturers, clubs, financial entities, and other water-based organizations.

This legislation is a reintroduction of legislation favorably reported by this committee in the last General Assembly. House Bill 314 seeks to eliminate a disincentive for out-of-state boat owners from using Ohio marine businesses during the off season. The bill does this by eliminating the applicability of the use tax on certain watercraft. Under current law, the Ohio Department of Taxation will send tax collection notices to boat owners who have paid the applicable sales tax of their jurisdiction. The tax bills amount to the difference in what the owner paid for their taxing jurisdiction and what they would have paid at Ohio sales tax rate. Many don't know that for items purchased at other jurisdiction rates owe the state of Ohio the difference.

This law is creating a situation where Ohio businesses are losing customers for fear of this tax bill. In some instances, it could amount to the customer being stuck with a Tax bill in the \$10s of thousands. If these customers stay away, the state gets nothing, and our Ohio marine businesses lose that critical seasonal business.

THIS IS A JOBS ISSUE. When boaters winter store their vessels, there is always lifting, cleaning, blocking, winterizing and, eventually, spring commissioning work to perform. In addition, there are fiberglass repairs and bottom painting jobs; engine services and rebuilds; electronics servicing and replacements; major refits and interior updates, and more. Businesses need this off season work to keep their employees employed year-round.

GOOD PAYING JOBS. The level of work performed is primarily by trained, skilled workers who, without such winter orders, would be seasonally furloughed. These jobs are good paying positions, and experiencing a seasonal layoff directly hurts many families.

THIS IS A BUSINESS ISSUE. Ohio's marine businesses are all small businesses. And, for them the loses are significant. The charge for winter storage notwithstanding, most winter work orders from customers are estimated to range from \$15,000 to \$100,000. The loss of even 1 major job, never mind several, could mean the success or failure of a marine business.

THE STATE OF OHIO LOSES. The State of Ohio also suffers significant loses. First, virtually everything related to the winter storage and work is sales taxable – parts, materials, labor, and storage. When a boat isn't winter-stored in Ohio, there are no related sales taxes collected, no Commercial Activity Tax and no income taxes.

UNEMPLOYMENT GROWS. When a marine business must layoff an employee in winter for lack of billable work, the Ohio unemployment roll grows which is clearly counterproductive. Moreover, many of the skills, for example marine carpentry or fiberglass rebuilding, are not easily transferred to other jobs so the employee doesn't have to option of finding some other temporary employment.



Members of the committee, Ohio's boat industry has a huge economic impact on the State of Ohio. We saw during the pandemic last summer people clamoring for fun socially distanced activities, like boating. We want to make sure these boaters choose Ohio for their boating needs. House Bill 314 is intended to keep this industry robust and encourage, not discourage, customers to choose Ohio businesses for their off-season storage and maintenance work.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Michelle L. Burke". The signature is fluid and cursive, with the first name being the most prominent.

Michelle L. Burke

President

Lake Erie Marine Trades Association

Executive Director

Boating Association of Ohio