



March 20, 2025

Minnesota Senate
Attn: Chair Ann Rest
Room G—15 Capitol Building
75 Rev. Dr. Martin Luther King, Jr. Blvd.
Saint Paul, MN 55155

Subject: Oppose S.F. 2129 – Gross revenues tax on entities manufacturing and selling products containing PFAS imposition

Dear Chair Rest and members of the Senate Tax Committee,

On behalf of the National Marine Manufacturers Association (NMMA), the Marine Retailers Association of America (MRAA), and the Watersports Industry Association (WSIA), I am writing to **formally express our strong opposition to S.F. 2129**. This bill seeks to implement a gross revenues tax on businesses that manufacture or sell products containing perfluoroalkyl and polyfluoroalkyl substances (PFAS) in Minnesota. While we recognize the bill's intention to address environmental issues associated with PFAS, we believe it will have severe negative impacts on the marine industry, which depends on a variety of products that may contain these substances.

NMMA is the leading trade association representing the recreational boating industry in North America. It is dedicated to industry growth by promoting product quality assurance, the boating lifestyle, public policy advocacy, market statistics, and research. NMMA member companies produce more than 80 percent of the boats, engines, trailers, accessories, and gear used by boaters and anglers throughout the US and Canada.

WSIA serves as the primary advocate for the towed watersports industry, striving to strengthen and grow boating while protecting the interests of its member companies and recreational boaters. WSIA works to develop best practices, preserve waterway access, educate participants, and promote safety, particularly in towed watersports activities. With over 440 member companies, WSIA represents a diverse range of stakeholders, including manufacturers of boats, marine engines, accessories, and marine dealers.

MRAA is the leading trade association for North American small businesses involved in selling and servicing new and used recreational boats, as well as operating marinas, boatyards, and accessory stores.

S.F. 2129 poses significant challenges for the marine industry. Many essential marine products, such as U.S. Coast Guard approved personal floatation devices (life jackets, vests, and PFDs), coatings, electrical wiring, gaskets and seals, , and other key components which are required to keep recreational boats seaworthy for often 30 to 50 years, may contain PFAS. The proposed tax would be impossible to manage for an industry primarily comprised of small recreational boat builders. Boat builders are assemblers of complex articles containing thousands upon thousands of components and sub-assemblies purchased from catalogs. Recreational boat builders lack the material scientists and the capability to investigate PFAS chemistry of, for example, a wire contained inside of a control unit for a steering controller mounted

underneath a helm purchased from a third-party supplier and installed into a boat. The proposed PFAS tax would lead to higher regulatory compliance costs for marine businesses, many of which are already operating on narrow profit margins. These additional expenses would place a heavy burden on marine businesses, especially smaller companies that are vital to the industry's overall success.

S.F. 2129 will also drive marine businesses to try to find alternatives to PFAS-containing products. While this could foster environmentally friendly innovations over time, the immediate effects on the industry would be disruptive. Manufacturers would need to invest in new technologies and materials, which will lead to delays, supply chain interruptions, and increased costs. Ultimately, this would undermine the marine industry's ability to provide high-quality products at competitive prices.

Furthermore, although the bill is primarily aimed at businesses with a physical presence in Minnesota, it would have indirect effects on out-of-state manufacturers and retailers. If an out-of-state marine business sells PFAS-containing products to distributors or retailers based in Minnesota, those entities would be subject to the tax. This would disrupt business relationships, impact pricing strategies, and complicate supply chain operations, creating uncertainty for companies outside the state that do not have a direct connection to Minnesota.

Federal trade and tariff policies, especially those affecting steel and aluminum, have significantly raised production costs for marine manufacturers. Critical products in the marine sector, including boats, engines, and coatings, depend on these materials. The increased tariffs have led to higher prices for raw materials, subsequently elevating production expenses and challenging the competitiveness of smaller marine manufacturers. The introduction of S.F. 2129 will intensify these difficulties by implementing a gross revenues tax on numerous marine products. This additional financial pressure will further complicate the situation for marine businesses, which are already grappling with elevated production costs. The combination of escalating material prices and regulatory challenges will hinder the ability of marine manufacturers in Minnesota to operate effectively and stay competitive.

In conclusion, while we support efforts to address environmental concerns, S.F. 2129 presents considerable risks to the marine industry. The proposed tax would increase costs, disrupt supply chains, and impair the ability of marine businesses to function efficiently. For these reasons, NMMA, WSIA, and MRAA strongly oppose the bill in its current form and urge you to reassess its potential negative impact on our industry. If you have any questions, please do not hesitate to contact jmcardell@nmma.org.

Sincerely,

Jesse McArdell



Senior Manager of Midwest
Government Relations
National Marine Manufacturers
Association

Lee Gatts



Vice President of
Government Affairs
Water Sports Industry
Association

Chad Tokowicz

A handwritten signature in black ink, consisting of a stylized 'C' followed by a diagonal stroke.

Government Relations Manager
Marine Retailers Association of
the Americas