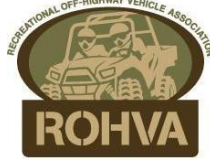




**MOTORCYCLE
INDUSTRY
COUNCIL®**



March 17, 2025

The Honorable Ann Rest
Chair, Senate Taxes Committee
328 Capitol
St. Paul, MN 55155-1606

Re: Exclude powersports from PFAS tax in SF 2129

Dear Chair Rest:

Hundreds of companies represented by the Motorcycle Industry Council (MIC)¹, the Specialty Vehicle Institute of America (SVIA)², and the Recreational Off-Highway Vehicle Association (ROHVA)³ strongly urge that **SF 2129 be amended to specifically exclude powersports from the PFAS gross revenues tax.**

In the absence of amendments, our associations oppose the bill.

SF 2129 would impose a tax equal to 50% of gross revenue derived from products containing PFAS for any manufacturer or retailer who has nexus in Minnesota. The devastating impact of this legislation is of significant concern to our member companies.

Powersports represent a \$1.4 billion industry in Minnesota with 280 powersports retailers in the state.⁴ If retailers are forced to pay a tax of 50% of the gross revenue derived from products containing PFAS, those retailers in Minnesota – many of which are family-owned small businesses – would be significantly harmed.

Our member companies are searching for suitable replacements for PFAS, but PFAS is a “currently unavoidable use” in order to ensure safety and proper functioning of our vehicles, personal protective gear, and equipment. A 50% tax on the value of a motorcycle, ATV, or ROV’s sales price – even if the product containing PFAS may be an internal component such as a microchip, gasket or o-ring – would decimate the industry and would encourage customers to purchase vehicles and replacement parts in neighboring states, thereby costing the state lost revenue and

¹ The Motorcycle Industry Council (MIC) is a not-for-profit, national trade association representing several hundred manufacturers, distributors, dealers and retailers of motorcycles, scooters, motorcycle parts, accessories and related goods, and allied trades.

² The Specialty Vehicle Institute of America (SVIA) is the national not-for-profit trade association representing manufacturers, dealers, and distributors of all-terrain vehicles (ATVs) in the United States. SVIA’s primary goal is to promote safe and responsible use of ATVs.

³ The Recreational Off-Highway Vehicle Association (ROHVA) is a national, not-for-profit trade association formed to promote the safe and responsible use of recreational off-highway vehicles (ROVs – sometimes referred to as side-by-sides or UTVs) manufactured or distributed in North America. ROHVA is also accredited by the American National Standards Institute (ANSI) to serve as the Standards Developing Organization for ROVs. More information on the standard can be found at <https://rohva.org/ansi-standard/>.

⁴ Motorcycle Industry Council’s 2024 “Economic Impact of the Powersports Industry”

jobs. Minnesota must allow manufacturers sufficient time to find replacements and not subject consumers to risk of harm resulting from unavailability of these products and putting small businesses at risk of going out of business due to the burden of a 50% tax. The use of PFAS in powersports equipment often stems from federal requirements tied to safety and air quality. For example, gas tank gaskets prevent fumes from exiting the tank thereby reducing fire risk and clean air violations.

Manufacturers must ensure our vehicles and safety gear meet durability standards that are sufficient to protect riders. Any potential PFAS-free alternates must achieve durability and safe operation standards that meet or exceed current quality in order to be deemed a suitable replacement. This takes considerable resources and time not provided in SF 2129. In addition, when vehicles are manufactured we must also stockpile replacement parts for the expected life of the vehicle. Many of those replacement parts are already in dealerships and powersports shops awaiting purchase when needed. This legislation would continue to impact those small businesses for years to come.

Thank you for your consideration of these comments. Should you have any questions, please contact me at 703-416-0444 ext. 3202.

Sincerely,



Scott P. Schloegel
Senior Vice President, Government Relations