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**SUBSTITUTE SENATE BILL 5721**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Anderson, Spanel and McDonald)

Read first time 04/02/97.

1       AN ACT Relating to sales and use tax exemptions for vessels used in  
2 bare-boat charter businesses; adding a new section to chapter 82.08  
3 RCW; and adding a new section to chapter 82.12 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       NEW SECTION.   **Sec. 1.** A new section is added to chapter 82.08 RCW  
6 to read as follows:

7       (1) The tax levied by RCW 82.08.020 does not apply to sales of  
8 vessels for use in a bare-boat charter business, except that the  
9 subsequent rental of the vessel by a bare-boat charter business is  
10 subject to the tax levied by RCW 82.08.020.

11       (2) For purposes of this section and section 2 of this act, a  
12 "bare-boat charter business" means a person that, under a written  
13 agreement with the owner of the vessel, rents the vessel, without a  
14 crew, as an agent of the owner on a commission basis primarily to  
15 persons other than the owner of the vessel. A vessel is rented  
16 "primarily to persons other than the owner of the vessel" if the amount  
17 of time the vessel is rented to all persons other than the owner of the  
18 vessel during a calendar year exceeds the amount of time the vessel is  
19 used by the owner of the vessel during the same year.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.12 RCW  
2 to read as follows:

3        (1) The provisions of this chapter do not apply in respect to the  
4 use by an owner, for business purposes, of a vessel used in a bare-boat  
5 charter business as defined in section 1 of this act. For purposes of  
6 this subsection, "business purposes" means use that is reasonable and  
7 necessary for the maintenance or repair of the vessel, and use that  
8 consists of delivering or transporting the vessel for the convenience  
9 of the bare-boat charter business. Any use of the vessel under this  
10 subsection in excess of five days in any calendar year shall be  
11 presumed to be for the owner's personal enjoyment, unless the owner can  
12 show by clear and convincing evidence that the use in excess of five  
13 days was for business purposes.

14        (2) Any use of the vessel by the owner for the owner's personal  
15 enjoyment is subject to the tax imposed in this chapter based on the  
16 value of the vessel at the time of the use unless the owner uses the  
17 vessel under a written agreement with the bare-boat charter business  
18 that requires the owner of the vessel to pay a commission and the tax  
19 imposed by RCW 82.08.020 or this chapter based on a reasonable rental  
20 amount reflecting fair market value for the use of the vessel.

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