
SENATE BILL 6248

State of Washington 62nd Legislature 2012 Regular Session

By Senators Harper, Carrell, Pridemore, Litzow, Hill, Kilmer, and Ericksen

Read first time 01/16/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to nonresident vessel permits and taxation;
2 amending RCW 88.02.620, 82.08.700, and 82.12.700; providing an
3 effective date; and providing an expiration date.

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

5 **Sec. 1.** RCW 88.02.620 and 2011 c 171 s 133 are each amended to
6 read as follows:

7 (1) A vessel owner who is a nonresident (~~natural~~) person
8 (~~shall~~) must apply for a nonresident vessel permit on or before the
9 sixty-first day of use in Washington state if the vessel:

10 (a) Is currently registered or numbered under the laws of the state
11 of principal operation or has been issued a valid number under federal
12 law; and

13 (b) Has been brought into Washington state for personal use for not
14 more than six months in any continuous twelve-month period.

15 (2) A nonresident vessel permit:

16 (a) May be obtained from the department, county auditor or other
17 agent, or subagent appointed by the director;

18 (b) Must show the date the vessel first came into Washington state;
19 and

1 (c) Is valid for two months.

2 (3) The department, county auditor or other agent, or subagent
3 appointed by the director (~~shall~~) must collect the fee required in
4 RCW 88.02.640(1)(h) when issuing nonresident vessel permits.

5 (4) A nonresident vessel permit is not required under this section
6 if the vessel is used in conducting temporary business activity within
7 Washington state.

8 (5) The department (~~shall~~) must adopt rules to implement this
9 section, including rules on issuing and displaying the nonresident
10 vessel permit.

11 **Sec. 2.** RCW 82.08.700 and 2010 c 106 s 219 are each amended to
12 read as follows:

13 (1) The tax levied by RCW 82.08.020 does not apply to sales to
14 nonresident (~~individuals~~) persons of vessels thirty feet or longer if
15 (~~an individual~~) a person purchasing a vessel purchases and displays
16 a valid use permit.

17 (2)(a) (~~An individual~~) A person claiming exemption from retail
18 sales tax under this section must display proof of (~~his or her~~) the
19 person's current nonresident status at the time of purchase.

20 (b) Acceptable proof of a nonresident (~~individual's~~) person's
21 status for an individual includes one piece of identification such as
22 a valid driver's license from the jurisdiction in which the out-of-
23 state residency is claimed or a valid identification card that has a
24 photograph of the holder and is issued by the out-of-state
25 jurisdiction. Identification under this subsection (2)(b) must show
26 the holder's residential address and have as one of its legal purposes
27 the establishment of residency in that out-of-state jurisdiction.

28 (c) Acceptable proof of a nonresident person's status, for a person
29 who is not an individual, such as a limited liability company,
30 corporation, or limited partnership, includes:

31 (i) A current certificate of good standing for the entity from the
32 out-of-state jurisdiction claimed by the person;

33 (ii) A current list of all principals of the person;

34 (iii) A copy of the person's certificate of incorporation or the
35 articles of incorporation;

36 (iv) A completed affidavit of out-of-state residency;

1 (v) One piece of identification provided by the person, such as a
2 valid driver's license verifying out-of-state residency or a valid
3 identification card that has a photograph of the holder and is issued
4 by an out-of-state jurisdiction; and

5 (vi) A written and notarized statement signed by a principal of the
6 person's entity that states:

7 "The entity agrees to make all records available to representatives
8 of the Washington State Department of Revenue for verification of
9 nonresidency status of all principals of the entity. This includes any
10 corporate or ownership documents filed with any and all state, federal,
11 and/or foreign agencies provided for title, documentation, or registry
12 purposes."

13 (3) Nothing in this section requires the vessel dealer to make tax
14 exempt retail sales to nonresidents. A dealer may choose to make sales
15 to nonresidents, collect the sales tax, and remit the amount of sales
16 tax collected to the state as otherwise provided by law. If the dealer
17 chooses to make a sale to a nonresident without collecting the sales
18 tax, the vendor must examine the proof of nonresidence, determine
19 whether the proof is acceptable under subsection (2)(b) of this
20 section, and maintain records for each nontaxable sale that shows the
21 type of proof accepted, including any identification numbers where
22 appropriate, and the expiration date, if any.

23 (4) A vessel dealer (~~shall~~) must issue a use permit to a buyer if
24 the dealer is satisfied that the buyer is a nonresident. The use
25 permit must be in a form and manner required by the department and must
26 include an affidavit, signed by the purchaser, declaring that the
27 vessel will be used in a manner consistent with this section. The fee
28 for the issuance of a use permit is five hundred dollars for vessels
29 fifty feet in length or less and eight hundred dollars for vessels
30 greater than fifty feet in length. Funds collected under this section
31 and RCW 82.12.700 must be reported on the dealer's excise tax return
32 and remitted to the department in accordance with RCW 82.32.045. The
33 department must transmit the fees to the state treasurer to be
34 deposited in the state general fund. The use permit must be displayed
35 on the vessel and is valid for twelve consecutive months from the date
36 of issuance. A use permit is not renewable. A purchaser at the time
37 of purchase must make an irrevocable election to take the exemption
38 authorized in this section or the exemption in either RCW 82.08.0266 or

1 82.08.02665. A vessel dealer must maintain a copy of the use permit
2 for the dealer's records. Vessel dealers must provide copies of use
3 permits issued by the dealer under this section and RCW 82.12.700 to
4 the department on a quarterly basis.

5 (5) A nonresident person who claims an exemption under this section
6 and who uses a vessel in this state after his or her use permit for
7 that vessel has expired is liable for the tax imposed under RCW
8 82.08.020 on the original selling price of the vessel and must pay the
9 tax directly to the department. Interest at the rate provided in RCW
10 82.32.050 applies to amounts due under this subsection, retroactively
11 to the date the vessel was purchased, and accrues until the full amount
12 of tax due is paid to the department.

13 (6) Any vessel dealer who makes sales without collecting the tax to
14 a person who does not hold valid identification establishing
15 out-of-state residency, and any dealer who fails to maintain records of
16 sales to nonresident(~~s~~) persons as provided in this section, is
17 personally liable for the amount of tax due.

18 (7) Chapter 82.32 RCW applies to the administration of the fee
19 imposed in this section and RCW 82.12.700.

20 (8) A vessel dealer that issues use permits under this section and
21 RCW 82.12.700 must file with the department all returns in an
22 electronic format as provided or approved by the department. As used
23 in this subsection, "returns" has the same meaning as "return" in RCW
24 82.32.050.

25 (a) Any return required to be filed in an electronic format under
26 this subsection is not filed until received by the department in an
27 electronic format provided or approved by the department.

28 (b) The electronic filing requirement in this subsection ends when
29 a vessel dealer no longer issues use permits, and the dealer has
30 electronically filed all of its returns reporting the fees collected
31 under this section and RCW 82.12.700.

32 (c) The department may waive the electronic filing requirement in
33 this subsection for good cause shown.

34 **Sec. 3.** RCW 82.12.700 and 2007 c 22 s 2 are each amended to read
35 as follows:

36 (1) The provisions of this chapter do not apply in respect to the

1 use of a vessel thirty feet or longer if a nonresident (~~(individual)~~)
2 person:

3 (a) Purchased the vessel from a vessel dealer in accordance with
4 RCW 82.08.700;

5 (b) Purchased the vessel in the state from a person other than a
6 vessel dealer, but the nonresident (~~(individual)~~) person purchases and
7 displays a valid use permit from a vessel dealer under this section
8 within fourteen days of the date that the vessel is purchased in this
9 state; or

10 (c) Acquired the vessel outside the state, but purchases and
11 displays a valid use permit from a vessel dealer under this section
12 within fourteen days of the date that the vessel is first brought into
13 this state.

14 (2) Any vessel dealer that makes tax exempt sales under RCW
15 82.08.700 (~~(shall)~~) must issue use permits under this section. A
16 vessel dealer (~~(shall)~~) must issue a use permit under this section if
17 the dealer is satisfied that the (~~(individual)~~) person purchasing the
18 permit is a nonresident. The use permit is valid for twelve
19 consecutive months from the date of issuance. A use permit is not
20 renewable, and (~~(an individual)~~) a person may only purchase one use
21 permit for a particular vessel. A person who has been issued a use
22 permit under RCW 82.08.700 for a particular vessel may not purchase a
23 use permit under this section for the same vessel after the use permit
24 issued under RCW 82.08.700 expires. All other requirements and
25 conditions, not inconsistent with the provisions of this section,
26 relating to use permits in RCW 82.08.700, apply to use permits under
27 this section. A person may not claim an exemption under RCW
28 82.12.0251(1) within twenty-four months after a use permit, issued
29 under this section or RCW 82.08.700, for the same vessel, has expired.

30 (3)(a) Except as provided in (b) of this subsection, a nonresident
31 who claims an exemption under this section and who uses a vessel in
32 this state after his or her use permit for that vessel has expired is
33 liable for the tax imposed under RCW 82.12.020 based on the value of
34 the vessel at the time that the vessel was either purchased in this
35 state under circumstances in which the exemption under RCW 82.08.700
36 did not apply or was first brought into this state, as the case may be.
37 Interest at the rate provided in RCW 82.32.050 applies to amounts due

1 under this subsection, retroactively to the date that the vessel was
2 purchased in this state or first brought into the state, and accrues
3 until the full amount of tax due is paid to the department.

4 (b) A nonresident (~~((individual))~~) person who is exempt under both
5 this section and RCW 82.08.700 and who uses a vessel in this state
6 after (~~((his or her))~~) the use permit for that vessel expires is liable
7 for tax and interest as provided in RCW 82.08.700(5).

8 (4)(a) Any vessel dealer that issues a use permit to (~~(an~~
9 ~~individual))~~) a person who does not hold valid identification
10 establishing out-of-state residency, and any dealer that fails to
11 maintain records for each use permit issued that shows the type of
12 proof accepted, including any identification numbers where appropriate,
13 and the expiration date, if any, is personally liable for the amount of
14 tax due.

15 (b) Acceptable proof of a nonresident person's status, for a person
16 who is not an individual, such as a limited liability company,
17 corporation, or limited partnership, is the same as provided in RCW
18 82.08.700.

19 NEW SECTION. Sec. 4. This act takes effect July 1, 2012.

20 NEW SECTION. Sec. 5. This act expires July 1, 2015.

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