

SENATE BILL REPORT

SB 5241

As of February 5, 2014

Title: An act relating to nonresident vessel permits and taxation.

Brief Description: Concerning nonresident vessel permits and taxation.

Sponsors: Senators Harper, Ericksen, Carrell, Hargrove, Ranker, Bailey, Litzow, Rolfes and Shin.

Brief History:

Committee Activity: Ways & Means: 2/05/14.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property, digital products, and some services when used in this state.

Nonresident individuals purchasing a vessel in Washington or piloting a vessel into Washington waters may be eligible for a special use permit that exempts the purchase or use of the vessel from sales and use taxation. A use permit also satisfies vessel registration requirements administered by the state Department of Licensing (DOL). A use permit may be obtained by a nonresident individual purchasing or using a vessel in Washington if the vessel is at least 30 feet in length. A use permit is not renewable and costs \$500 for vessels 30–50 feet and \$800 for vessels greater than 50 feet in length. A use permit is valid for 12 consecutive months from the date of purchase. A nonresident business entity, e.g. corporation, limited liability company, partnership, etc., is not eligible to receive a use permit.

Generally, a nonresident individual or business entity bringing a vessel into Washington waters does not need to obtain a permit from DOL for up to 60 days if the vessel is currently registered in another state or the vessel has a current U.S. Coast Guard Documentation Paper. If a vessel owner is a nonresident individual and will be operating a vessel on Washington

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waters for more than 60 days, the owner may apply for a vessel permit on or before the 60th day of the visit to remain in the state for an additional 60 days. The person may renew the vessel permit once for an additional 60 days. When the renewed permit expires, the vessel owner must either register the boat in Washington or remove the boat from Washington waters. A nonresident business entity owning a vessel is not eligible to receive a vessel permit.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The availability of use permits for purposes of vessel sales and use taxation is extended to nonresident business entities, e.g. corporations, limited liability companies, partnerships, etc. A nonresident business entity owning a vessel may obtain a vessel permit allowing the vessel to remain in Washington for up to six months. In addition, acceptable documentation requirements for a nonresident business entity to qualify for the use permit are established.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2014.