

# SENATE BILL REPORT

## HB 1700

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As of February 23, 2022

**Title:** An act relating to sustainable funding for the derelict vessel removal account using the vessel watercraft excise tax.

**Brief Description:** Concerning sustainable funding for the derelict vessel removal account using the vessel watercraft excise tax.

**Sponsors:** Representatives Paul, Griffey, Fitzgibbon, Ryu, Ramel, Leavitt, Wicks, Shewmake, Duerr, Bateman, Bronoske, Peterson, Rule, Simmons and Tharinger; by request of Department of Natural Resources.

**Brief History:** Passed House: 1/28/22, 94-0.

**Committee Activity:** Agriculture, Water, Natural Resources & Parks: 2/17/22, 2/17/22 [DP-WM].

Ways & Means: 2/24/22.

### Brief Summary of Bill

- Requires 25 percent of the Watercraft Excise Tax collected each fiscal year to be deposited in the Derelict Vessel Removal Account.

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## SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Warnick, Ranking Member; Honeyford, Rolfes, Short and Stanford.

**Staff:** Karen Epps (786-7424)

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## SENATE COMMITTEE ON WAYS & MEANS

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Jed Herman (786-7346)

**Background:** Derelict Vessel Removal Program. The Department of Natural Resources (DNR) administers the Derelict Vessel Removal Program (DVRP). Under DVRP, certain state agencies and local governments, including DNR, may take custody and dispose of abandoned or derelict vessels on or above aquatic lands within their jurisdiction. These agencies are known as authorized public entities (APEs), and also include entities such as the Department of Fish and Wildlife, the State Parks and Recreation Commission, and cities, counties, and port districts with jurisdiction over aquatic lands.

Abandoned or Derelict Vessels. To be considered abandoned, a vessel must be impermissibly left in the same area for 30 consecutive days, or 90 days in a 365-day period, where the owner is either unknown, cannot be located, or is unwilling to take control of the vessel. To be derelict, a vessel must have an owner who exerts control over the vessel that is impermissibly left on public waters or property, impermissibly left on private property, or is left for seven days and is in danger of sinking, obstructing a waterway, or endangering life or property.

Once the APE takes custody of a vessel, the APE may use or dispose of the vessel in any environmentally sound manner. The APE must first attempt to derive some value from the vessel either in whole or by scrap. An abandoned or derelict vessel owner must reimburse an APE for reasonable removal and disposal costs. If a value can be derived, then that amount will be subtracted from the financial liabilities of the owner. If the vessel has no salvageable value, then the APE must use the least costly disposal method. If the owner is unknown or unable to pay the cost, the APE may seek reimbursement up to 90 percent of the costs. Monies in the Derelict Vessel Removal Account are used to reimburse APEs.

Vessel Owner Accountability. The owner or operator of a vessel that is more than 40 years old and longer than 35 feet must obtain a vessel inspection before transferring ownership of the vessel to another party. An individual or company that purchases or otherwise receives a used vessel greater than 35 feet in length and more than 40 years old must secure a marine insurance policy prior to or concurrent with the transfer of ownership. DNR is authorized to adopt rules to be used in determining whether a vessel is seaworthy. DVRP staff may issue tickets by mail to enforce vessel registration requirements.

The Watercraft Excise Tax. An annual excise tax of 0.5 percent of the fair market value, but not less than \$5, is imposed on watercraft for the privilege of using a vessel upon the waters of the state. Tax proceeds are deposited to the State General Fund.

**Summary of Bill:** Twenty-five percent of the Watercraft Excise Tax collected each fiscal year must be deposited in the Derelict Vessel Removal Account. The remaining Watercraft Excise Tax collected must be deposited in the State General Fund.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Agriculture, Water, Natural Resources & Parks):** PRO: Funds are often depleted from the derelict vessel removal account before the biennium is over and a few vessels can take up the bulk of available funds. Small ports cannot handle the costs of the growing problem of derelict vessels. Derelict vessels cause all sorts of problems, breaking loose, pumping sewage overboard, and attracting crime. This bill will provide funding to help DNR reduce the significant backlog of derelict vessels and provide more funding for the vessel turn-in program so that ports and private entities have more incentives to bring vessels in before they sink. Recreational boaters appreciate that this bill will use a portion of the watercraft excise tax for purposes that are directly connected to recreational boating and the stewardship of rivers, waterways and Puget Sound. This bill will allow DNR to be more proactive about removing vessels and allow DNR to move towards expanded vessel recycling. This bill will take excise dollars collected from boaters going back towards boating and the preservation of state waters.

**Persons Testifying (Agriculture, Water, Natural Resources & Parks):** PRO: Bob Wise, President, Recreational Boating Association of Washington (RBAW); Greg Englin, Port of Kingston, WA Public Ports Assoc; Amber Carter, Port of Vancouver USA; Neil Falkenburg, Northwest Marine Trade Association; Troy Wood, Department of Natural Resources; Brian Considine, Department of Natural Resources.

**Persons Signed In To Testify But Not Testifying (Agriculture, Water, Natural Resources & Parks):** No one.