
SUBSTITUTE HOUSE BILL 1107

State of Washington

67th Legislature

2021 Regular Session

By House Transportation (originally sponsored by Representatives Chapman, Barkis, Corry, Tharinger, and Graham)

READ FIRST TIME 02/15/21.

1 AN ACT Relating to expanding certain nonresident vessel permit
2 provisions; amending RCW 88.02.620, 88.02.640, and 82.32.865;
3 amending 2017 c 323 §§ 302 and 303 (uncodified); and providing
4 expiration date.

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

6 **Sec. 1.** RCW 88.02.620 and 2015 3rd sp.s. c 6 s 802 are each
7 amended to read as follows:

8 (1) A vessel owner who is a nonresident person must obtain a
9 nonresident vessel permit on or before the sixty-first day of use in
10 Washington state if the vessel:

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

14 (b) Has been brought into Washington state (~~for personal use~~)
15 for not more than six months in any continuous twelve-month period,
16 and is used:

17 (i) For personal use; or

18 (ii) For the purposes of chartering a vessel with a captain or
19 crew, as long as individual charters are for at least three or more
20 consecutive days in duration, as described in subsection (7) of this
21 section.

1 (2) In addition to the requirements in subsection (1) of this
2 section, a nonresident vessel owner that is not a natural person may
3 only obtain a nonresident vessel permit if:

4 (a) The vessel is at least thirty feet in length, but no more
5 than ~~((one))~~ two hundred ~~((sixty-four))~~ feet in length;

6 (b) No Washington state resident is a principal, as defined in
7 RCW 82.32.865, of the nonresident person; and

8 (c) The department of revenue has provided the nonresident vessel
9 owner written approval authorizing the permit as provided in RCW
10 82.32.865.

11 (3) A nonresident vessel permit:

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

14 (b) Must show the date the vessel first came into Washington
15 state; and

16 (c) Is valid for two months ~~((; and~~

17 ~~((d) May not be issued after December 31, 2025, to a nonresident
18 vessel owner that is not a natural person))~~).

19 (4) The department, county auditor or other agent, or subagent
20 appointed by the director must collect the fee required in RCW
21 88.02.640(1)(i) when issuing nonresident vessel permits.

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

25 (6) For any permits issued under this section to a nonresident
26 vessel owner that is not a natural person, the department must
27 maintain a record of the following information and provide it to the
28 department of revenue quarterly or as otherwise mutually agreed to by
29 the department and department of revenue:

30 (a) The name of the record owner of the vessel;

31 (b) The vessel's hull identification number;

32 (c) The amount of the fee paid under RCW 88.02.640(5);

33 (d) The date the vessel first entered the waters of this state;

34 (e) The expiration date for the permit; and

35 (f) Any other information mutually agreed to by the department
36 and department of revenue.

37 (7) For purposes of this section, "nonresident vessel owner that
38 is not a natural person" includes an owner or entity chartering a
39 vessel with a captain or crew, as long as individual charters are for
40 at least three or more consecutive days in duration, not including

1 any transit time necessary to reach the charter starting location or
2 from the charter ending location.

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

6 **Sec. 2.** RCW 88.02.640 and 2017 3rd sp.s. c 17 s 104 are each
7 amended to read as follows:

8 (1) In addition to any other fees and taxes required by law, the
9 department, county auditor or other agent, or subagent appointed by
10 the director must charge the following vessel fees and surcharge:

11 FEE	AMOUNT	AUTHORITY	DISTRIBUTION
12 (a) Dealer temporary permit	\$5.00	RCW 88.02.800(2)	General fund
13 (b) Derelict vessel and 14 invasive species 15 removal	Subsection (3) of this section	Subsection (3) of this section	Subsection (3) of this section
16 (c) Derelict vessel removal 17 surcharge	\$1.00	Subsection (4) of this section	Subsection (4) of this section
18 (d) Duplicate certificate of 19 title	\$1.25	RCW 88.02.530(1)(c)	General fund
20 (e) Duplicate registration	\$1.25	RCW 88.02.590(1)(c)	General fund
21 (f) Filing	RCW 46.17.005	RCW 88.02.560(2)	RCW 46.68.400
22 (g) License plate technology	RCW 46.17.015	RCW 88.02.560(2)	RCW 46.68.370
23 (h) License service	RCW 46.17.025	RCW 88.02.560(2)	RCW 46.68.220
24 (i) Nonresident vessel 25 permit	Subsection (5) of this section	RCW 88.02.620(4)	Subsection (5) of this section
26 (j) Quick title service 27	\$50.00	RCW 88.02.540(3)	Subsection (7) of this section
28 (k) Registration	\$10.50	RCW 88.02.560(2)	RCW 88.02.650
29 (l) Replacement decal	\$1.25	RCW 88.02.595(1)(c)	General fund
30 (m) Service fee 31	RCW 46.17.040	RCW 88.02.515 and 88.02.560(2)	RCW 46.17.040
32 (n) Title application	\$5.00	RCW 88.02.515	General fund
33 (o) Transfer	\$1.00	RCW 88.02.560(7)	General fund

3 (2) The five dollar dealer temporary permit fee required in
4 subsection (1) of this section must be credited to the payment of
5 registration fees at the time application for registration is made.

6 (3) The derelict vessel and invasive species removal fee required
7 in subsection (1) of this section is five dollars and must be
8 distributed as follows:

9 (a) Two dollars must be deposited in the aquatic invasive species
10 management account created in RCW 77.135.200;

11 (b) One dollar must be deposited into the aquatic algae control
12 account created in RCW 43.21A.667; and

13 (c) Two dollars must be deposited in the derelict vessel removal
14 account created in RCW 79.100.100.

15 (4) In addition to other fees required in this section, an annual
16 derelict vessel removal surcharge of one dollar must be charged with
17 each vessel registration. The surcharge is to address the significant
18 backlog of derelict vessels accumulated in Washington waters that
19 pose a threat to the health and safety of the people and to the
20 environment and must be deposited into the derelict vessel removal
21 account created in RCW 79.100.100.

22 (5) (a) The amount of the nonresident vessel permit fee is:

23 (i) For a vessel owned by a nonresident natural person, twenty-
24 five dollars; and

25 (ii) For a nonresident vessel owner that is not a natural person,
26 the fee is equal to:

27 (A) Twenty-five dollars per foot for vessels between thirty and
28 ninety-nine feet in length;

29 (B) Thirty dollars per foot for vessels between one hundred and
30 one hundred twenty feet in length; and

31 (C) Thirty-seven dollars and fifty cents per foot for vessels
32 between one hundred twenty-one and ~~((one))~~ two hundred ~~((sixty-four))~~
33 feet in length. The fee must be multiplied by the extreme length of
34 the vessel in feet, rounded up to the nearest whole foot.

35 (b) The fee must be paid by the vessel owner to the department.
36 Any moneys remaining from the fee after the payment of costs to
37 administer the permit must be allocated to counties by the state
38 treasurer for approved boating safety programs under RCW 88.02.650.

1 (~~(c) A nonresident vessel owner that is not a natural person may~~
2 ~~not obtain more than two nonresident vessel permits under RCW~~
3 ~~88.02.620 within any thirty-six month period.~~)

4 (6) The thirty dollar vessel visitor permit fee must be
5 distributed as follows:

6 (a) Five dollars must be deposited in the derelict vessel removal
7 account created in RCW 79.100.100;

8 (b) The department may keep an amount to cover costs for
9 providing the vessel visitor permit;

10 (c) Any moneys remaining must be allocated to counties by the
11 state treasurer for approved boating safety programs under RCW
12 88.02.650; and

13 (d) Any fees required for licensing agents under RCW 46.17.005
14 are in addition to any other fee or tax due for the titling and
15 registration of vessels.

16 (7)(a) The fifty dollar quick title service fee must be
17 distributed as follows:

18 (i) If the fee is paid to the director, the fee must be deposited
19 to the general fund.

20 (ii) If the fee is paid to the participating county auditor or
21 other agent appointed by the director, twenty-five dollars must be
22 deposited to the general fund. The remainder must be retained by the
23 county treasurer in the same manner as other fees collected by the
24 county auditor.

25 (iii) If the fee is paid to a subagent appointed by the director,
26 twenty-five dollars must be deposited to the general fund. The
27 remaining twenty-five dollars must be distributed as follows: Twelve
28 dollars and fifty cents must be retained by the county treasurer in
29 the same manner as other fees collected by the county auditor and
30 twelve dollars and fifty cents must be retained by the subagent.

31 (b) For the purposes of this subsection, "quick title" has the
32 same meaning as in RCW 88.02.540.

33 (8) The department, county auditor or other agent, or subagent
34 appointed by the director shall charge the service fee under
35 subsection (1)(m) of this section beginning January 1, 2016.

36 **Sec. 3.** RCW 82.32.865 and 2015 3rd sp.s. c 6 s 805 are each
37 amended to read as follows:

38 (1) A nonresident vessel owner that is not a natural person must
39 apply directly to the department for written approval to obtain a

1 nonresident vessel permit under RCW 88.02.620. The application must
2 be made to the department in a form and manner prescribed by the
3 department and must include:

4 (a) The name of the record owner of the vessel;

5 (b) The name, address, and telephone number of the individual
6 that applied for the permit on behalf of the nonresident person;

7 (c) The record owner's address and telephone number;

8 (d) The vessel's hull identification number;

9 (e) The vessel year, make, and model;

10 (f) The vessel length;

11 (g) The vessel's registration or numbering under the state of
12 principal operation or the valid number under federal law;

13 (h) Proof of the person's current nonresident status, including
14 certified copies of the filed articles of incorporation, a
15 certificate of formation, or similar filings;

16 (i) Proof of the identity and current residency of all principals
17 of the nonresident person. Such proof may include a valid driver's
18 license verifying out-of-state residency or a valid identification
19 card that has a photograph of the holder and is issued by an out-of-
20 state jurisdiction;

21 (j) An affidavit signed by a principal of the nonresident vessel
22 owner certifying that no Washington residents are principals of the
23 nonresident vessel owner; and

24 (k) Any other information the department may require.

25 (2) The department must determine the nonresident vessel owner's
26 eligibility for the permit, as provided in RCW 88.02.620, and may
27 request additional information as needed directly from the
28 nonresident vessel owner.

29 (3)(a) If the nonresident vessel owner appears eligible for the
30 permit, the department must provide written approval to the
31 nonresident vessel owner that authorizes issuance of the permit and
32 includes the name of the nonresident vessel owner, the name of the
33 vessel, and the hull identification number. (~~After November 30,~~
34 ~~2025, the department may not provide written approval for any permits~~
35 ~~under this subsection.~~)

36 (b) The department must also provide the information in the
37 written approval to the department of licensing.

38 (4)(a) If, after a permit has been issued under RCW 88.02.620,
39 the department has reason to believe that the nonresident vessel
40 owner was not eligible for the permit approved under subsection (3)

1 of this section, the department may request such information from the
2 nonresident vessel owner as the department determines is necessary to
3 conduct a review of the nonresident vessel owner's eligibility.

4 (b) If the department finds the nonresident person was not
5 eligible for the permit, the department must assess against the
6 nonresident person state and local use tax on the value of the vessel
7 according to the "value of the article used" as defined in RCW
8 82.12.010. The department must also assess against the nonresident
9 person any watercraft excise tax due under chapter 82.49 RCW.
10 Penalties and interest as provided in this chapter and chapter 82.49
11 RCW apply to taxes assessed under this subsection (4).

12 (5) For purposes of this section, "principal" means a natural
13 person that owns, directly or indirectly, including through any
14 tiered ownership structure, more than a one percent interest in the
15 nonresident person applying for a nonresident vessel permit.

16 (6) The department may adopt rules to implement this section.

17 **Sec. 4.** 2017 c 323 s 302 (uncodified) is amended to read as
18 follows:

19 (1) Sections 802 and 804, chapter 6, Laws of 2015 3rd sp. sess.
20 expire (~~(July)~~) January 1, ((2026)) 2031;

21 (2) Section 803, chapter 6, Laws of 2015 3rd sp. sess. expires
22 January 1, (~~(2026)) 2031~~; and

23 (3) Section 805, chapter 6, Laws of 2015 3rd sp. sess. expires
24 January 1, 2031.

25 **Sec. 5.** 2017 c 323 s 303 (uncodified) is amended to read as
26 follows:

27 (1)(a) The legislature finds that a robust maritime industry is
28 crucial for the state's economic vitality. The legislature further
29 finds that:

30 (i) The joint task force for economic resilience of maritime and
31 manufacturing established policy goals to continue efforts towards
32 developing a robust maritime industry in the state;

33 (ii) The maritime industry has a direct and indirect impact on
34 jobs in the state;

35 (iii) Many of the cities and towns impacted by the maritime
36 industry are often small with limited resources to encourage economic
37 growth, heavily relying on the maritime industry for local jobs and
38 revenues in the community;

1 (iv) Keeping Washington competitive with other cruising
2 destinations is essential to continue to build a robust maritime
3 economy in the state; and

4 (v) Tax incentives are an imperative component to improve the
5 state's overall competitiveness in this sector.

6 (b) Therefore, the legislature intends to:

7 (i) Bolster the maritime industry in the state by incentivizing
8 larger vessel owners to use Washington waters for recreational
9 boating to increase economic activity and jobs in coastal communities
10 and inland water regions of the state;

11 (ii) Achieve this objective in a fiscally responsible manner and
12 require analysis of specific metrics to ensure valuable state
13 resources are being used to accomplish the intended goal; and

14 (iii) Provide limited, short-term tax relief to entity-owned
15 nonresident vessel owners that currently are not afforded the same
16 benefits as other nonresident vessel owners.

17 (2) (a) This subsection is the tax preference performance
18 statement for the entity-owned nonresident vessel tax preference
19 established in section 803 of this act. The performance statement is
20 only intended to be used for subsequent evaluation of the tax
21 preference. It is not intended to create a private right of action by
22 any party or be used to determine eligibility for preferential tax
23 treatment.

24 (b) The legislature categorizes this tax preference as one
25 intended to accomplish the purposes indicated in RCW 82.32.808(2)(c)
26 and one intended to improve the state's competitiveness with other
27 nearby cruising destinations.

28 (c) It is the legislature's specific public policy objective to
29 increase economic activity and jobs related to the maritime industry
30 by providing a tax preference for large entity-owned nonresident
31 vessels to increase the length of time these vessels cruise
32 Washington waters in turn strengthening the maritime economy in the
33 state.

34 (d) To measure the effectiveness of the tax preference provided
35 in part VIII, chapter 6, Laws of 2015 3rd sp. sess. in achieving the
36 public policy objective in (c) of this subsection, the joint
37 legislative audit and review committee must provide the following in
38 a published evaluation of this tax preference by December 31,
39 ((2024)) 2030:

1 (i) A comparison of the gross and taxable revenue generated by
2 businesses that sell or provide maintenance or repair of vessels,
3 prior to and after the enactment of this tax preference;

4 (ii) Analysis of retail sales taxes collected from the restaurant
5 and service industries in coastal and inlet coastal jurisdictions,
6 for both counties and cities, for periods prior to and after the
7 enactment of this tax preference;

8 (iii) Employment and wage trends for businesses described in
9 (d)(i) and (ii) of this subsection, for periods prior to and after
10 the enactment of this tax preference;

11 (iv) Descriptive statistics for the number of permits sold each
12 year in addition to the following information:

13 (A) The cost for each permit by strata of vessel length;

14 (B) The jurisdiction of ownership for the nonresident vessel; and

15 (C) The amount of use tax that would have been due based on the
16 estimated value of the vessel;

17 (v) A comparison of the number of registered entity-owned and
18 individually owned vessels registered in Washington prior to and
19 after the enactment of this tax preference; and

20 (vi) Data and analysis for Washington's main cruising destination
21 competitors, specifically looking at tax preferences provided in
22 those jurisdictions, vessel industry income data, and any additional
23 relevant information to compare Washington's maritime climate with
24 its competitors.

25 (e) The provision of RCW 82.32.808(5) does not apply to this tax
26 preference.

27 NEW SECTION. **Sec. 6.** Sections 1 through 3 of this act expire
28 January 1, 2031.

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