
HOUSE BILL 1107

State of Washington

67th Legislature

2021 Regular Session

By Representatives Chapman, Barkis, Corry, Tharinger, and Graham

Prefiled 01/07/21. Read first time 01/11/21. Referred to Committee on Transportation.

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 for
15 not more than six months in any continuous twelve-month period.

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

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

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

3 (c) The department of revenue has provided the nonresident vessel
4 owner written approval authorizing the permit as provided in RCW
5 82.32.865.

6 (3) A nonresident vessel permit:

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

9 (b) Must show the date the vessel first came into Washington
10 state; and

11 (c) Is valid for two months (~~and~~

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

14 (4) The department, county auditor or other agent, or subagent
15 appointed by the director must collect the fee required in RCW
16 88.02.640(1)(i) when issuing nonresident vessel permits.

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

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

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

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

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

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

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

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

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

36 (8) The department must adopt rules to implement this section,
37 including rules on issuing and displaying the nonresident vessel
38 permit.

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

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

FEE	AMOUNT	AUTHORITY	DISTRIBUTION
(a) Dealer temporary permit	\$5.00	RCW 88.02.800(2)	General fund
(b) Derelict vessel and invasive species removal	Subsection (3) of this section	Subsection (3) of this section	Subsection (3) of this section
(c) Derelict vessel removal surcharge	\$1.00	Subsection (4) of this section	Subsection (4) of this section
(d) Duplicate certificate of title	\$1.25	RCW 88.02.530(1)(c)	General fund
(e) Duplicate registration	\$1.25	RCW 88.02.590(1)(c)	General fund
(f) Filing	RCW 46.17.005	RCW 88.02.560(2)	RCW 46.68.400
(g) License plate technology	RCW 46.17.015	RCW 88.02.560(2)	RCW 46.68.370
(h) License service	RCW 46.17.025	RCW 88.02.560(2)	RCW 46.68.220
(i) Nonresident vessel permit	Subsection (5) of this section	RCW 88.02.620(4)	Subsection (5) of this section
(j) Quick title service	\$50.00	RCW 88.02.540(3)	Subsection (7) of this section
(k) Registration	\$10.50	RCW 88.02.560(2)	RCW 88.02.650
(l) Replacement decal	\$1.25	RCW 88.02.595(1)(c)	General fund
(m) Service fee	RCW 46.17.040	RCW 88.02.515 and 88.02.560(2)	RCW 46.17.040
(n) Title application	\$5.00	RCW 88.02.515	General fund
(o) Transfer	\$1.00	RCW 88.02.560(7)	General fund
(p) Vessel visitor permit	\$30.00	RCW 88.02.610(3)	Subsection (6) of this section

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

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

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

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

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

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

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

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

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

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

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

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

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

34 ((~~(c) A nonresident vessel owner that is not a natural person may~~
35 ~~not obtain more than two nonresident vessel permits under RCW~~
36 ~~88.02.620 within any thirty-six month period.~~))

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

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

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

3 (c) Any moneys remaining must be allocated to counties by the
4 state treasurer for approved boating safety programs under RCW
5 88.02.650; and

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

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

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

13 (ii) If the fee is paid to the participating county auditor or
14 other agent appointed by the director, twenty-five dollars must be
15 deposited to the general fund. The remainder must be retained by the
16 county treasurer in the same manner as other fees collected by the
17 county auditor.

18 (iii) If the fee is paid to a subagent appointed by the director,
19 twenty-five dollars must be deposited to the general fund. The
20 remaining twenty-five dollars must be distributed as follows: Twelve
21 dollars and fifty cents must be retained by the county treasurer in
22 the same manner as other fees collected by the county auditor and
23 twelve dollars and fifty cents must be retained by the subagent.

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

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

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

31 (1) A nonresident vessel owner that is not a natural person must
32 apply directly to the department for written approval to obtain a
33 nonresident vessel permit under RCW 88.02.620. The application must
34 be made to the department in a form and manner prescribed by the
35 department and must include:

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

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

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

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

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

3 (f) The vessel length;

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

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

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

14 (j) An affidavit signed by a principal of the nonresident vessel
15 owner certifying that no Washington residents are principals of the
16 nonresident vessel owner; and

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

18 (2) The department must determine the nonresident vessel owner's
19 eligibility for the permit, as provided in RCW 88.02.620, and may
20 request additional information as needed directly from the
21 nonresident vessel owner.

22 (3)(a) If the nonresident vessel owner appears eligible for the
23 permit, the department must provide written approval to the
24 nonresident vessel owner that authorizes issuance of the permit and
25 includes the name of the nonresident vessel owner, the name of the
26 vessel, and the hull identification number. (~~(After November 30,~~
27 ~~2025, the department may not provide written approval for any permits~~
28 ~~under this subsection.))~~

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

31 (4)(a) If, after a permit has been issued under RCW 88.02.620,
32 the department has reason to believe that the nonresident vessel
33 owner was not eligible for the permit approved under subsection (3)
34 of this section, the department may request such information from the
35 nonresident vessel owner as the department determines is necessary to
36 conduct a review of the nonresident vessel owner's eligibility.

37 (b) If the department finds the nonresident person was not
38 eligible for the permit, the department must assess against the
39 nonresident person state and local use tax on the value of the vessel
40 according to the "value of the article used" as defined in RCW

1 82.12.010. The department must also assess against the nonresident
2 person any watercraft excise tax due under chapter 82.49 RCW.
3 Penalties and interest as provided in this chapter and chapter 82.49
4 RCW apply to taxes assessed under this subsection (4).

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

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

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

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

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

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

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

20 (1)(a) The legislature finds that a robust maritime industry is
21 crucial for the state's economic vitality. The legislature further
22 finds that:

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

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

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

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

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

37 (b) Therefore, the legislature intends to:

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

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

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

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

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

22 (c) It is the legislature's specific public policy objective to
23 increase economic activity and jobs related to the maritime industry
24 by providing a tax preference for large entity-owned nonresident
25 vessels to increase the length of time these vessels cruise
26 Washington waters in turn strengthening the maritime economy in the
27 state.

28 (d) To measure the effectiveness of the tax preference provided
29 in part VIII, chapter 6, Laws of 2015 3rd sp. sess. in achieving the
30 public policy objective in (c) of this subsection, the joint
31 legislative audit and review committee must provide the following in
32 a published evaluation of this tax preference by December 31,
33 ((2024)) 2030:

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

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

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

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

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

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

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

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

13 (vi) Data and analysis for Washington's main cruising destination
14 competitors, specifically looking at tax preferences provided in
15 those jurisdictions, vessel industry income data, and any additional
16 relevant information to compare Washington's maritime climate with
17 its competitors.

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

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

--- END ---