

HOUSE BILL REPORT

HB 1748

As Reported By House Committee On:

Trade & Economic Development

Title: An act relating to fostering economic development through increased maritime trade competitiveness.

Brief Description: Fostering economic development through increasing maritime trade competitiveness.

Sponsors: Representatives Morris, Van Luven, Quall, Kessler, Sheldon, Anderson, Buck, Cooper, Dunn, Hatfield, Thompson and O'Brien.

Brief History:

Committee Activity:

Trade & Economic Development: 2/17/97, 2/26/97 [DPS].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: Vessels boats– that have a valid registration number under federal law or by an approved issuing authority of the state of principal operation are exempt from vessel registration in the state of Washington. A vessel that is validly registered in another state, but is removed to this state for principal use, has 60 days to register with this state.

At the time of registration the owner is subject to the registration fee of \$10.50 and the watercraft excise tax that is the greater of \$5 or 0.5 percent of the fair market value of the vessel, with depreciations from the year of purchase according to a schedule developed by the Department of Revenue. The state provides an exemption from the registration fee and excise tax for (1) vessels that are owned by federal, state and local governments; (2) vessels registered in other countries; (3) foreign vessels with valid U.S. Customs cruising licenses; (4) vessels registered in other states and owned by nonresidents that are in Washington less than 60 days; (5) vessels

temporarily in the state for repair or alteration; and (6) nonresidents' vessels which are in Washington for repair, where the owners are required to verify every 60 days that the vessel is here solely for repairs, reconstruction or testing.

Summary of Substitute Bill: Nonresident owners of vessels boats– that are validly registered in another state and used for personal use and enjoyment may obtain a cruise permit to remain in this state longer than 60 days before being required to register their vessels with the state of Washington.

The cruise permit is valid for a maximum period of 120 days and the Department of Licensing may issue a nonresident owner only one cruise permit in any calendar year. A fee of \$250 must be paid for the issuance of the cruise permit. Vessels used in a nontransitory business in the state are not eligible for the special cruise permit.

Substitute Bill Compared to Original Bill: The substitute bill reduces the number of cruise permits that can be obtained by a nonresident owner from two per calendar year to only one per calendar year.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: We are losing business to other states due to our excise tax on boats. A nonresident that sails more than 60 days in the state has to pay the excise tax. Because of this tax the local ports are not getting nonresidents to store or repair their boats in this state during the winter. This is a market that we should go after. The bill could be in conflict with federal law that gives all boat owners 60 days to register in the new area they are sailing in. The bill should limit the number of cruise permits to a single 120-day period.

Testimony Against: None.

Testified: Representative Morris, prime sponsor (pro); Brian Calvert, Port of Friday Harbor (pro); John Woodring, Northwest Marine Trade Association (pro); and Carol Knight-Wallace, Department of Licensing (concerns with original bill).