

5721-S

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Anderson, Spanel and McDonald)

Brief Title: Providing tax exemptions for bare-boat charters.

SB 5721-S - DIGEST

(DIGEST AS PASSED LEGISLATURE)

Revises provisions regulating bare-boat charters.
Authorizes tax exemptions for bare-boat charters.

VETO MESSAGE ON SB 5721-S

May 9, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute Senate Bill No. 5721 entitled:

"AN ACT Relating to bare-boat charters;"

Substitute Senate Bill No. 5721 would create a new retail sales and use tax exemption on the purchase price of vessels placed in "bare-boat" charter service. This would allow small number of people to buy vessels free of sales and use tax, ostensibly for a rental business, and then use them personally for a substantial portion of the year. The only limitation would be that the vessels be used for charter more than personally. It is also possible that people would be able to buy yachts tax-free for business use, but also get a federal tax advantage by classifying the yacht as a personal asset.

Neither the state's economy nor consumers would benefit from this type of tax policy.

For these reasons, I have vetoed Substitute Senate Bill No. 5721 in its entirety.

Respectfully submitted,
Gary Locke
Governor