
**Agriculture & Natural Resources
Committee**

E2SSB 6044

Brief Description: Regarding the removal of derelict vessels.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller and Swecker).

Brief Summary of Engrossed Second Substitute Bill

- Amends the definition of "vessel".
- Expands when a public entity can take emergency action to tow a vessel.
- Requires recipients of Derelict Vessel Removal Account funding to try to find the responsible party for a derelict vessel.
- Allows marinas to participate in the derelict vessel removal program and requires them to collect certain information from their clients.
- Redirects \$1 million of the Watercraft Excise Tax per year from the General Fund to the Derelict Vessel Removal Account.
- Creates a temporary \$1 surcharge on all vessel registrations to fund derelict vessel removals.
- Requires studies and reports regarding derelict vessels.

Hearing Date: 3/26/07

Staff: Jason Callahan (786-7117).

Background:

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

Removal of derelict or abandoned vessels

An authorized public entity (APE), which includes most public owners of aquatic lands and shorelines, has the discretionary authority to remove and destroy a vessel within its jurisdiction that has become abandoned or derelict. The Department of Natural Resources (Department) has an oversight and rulemaking role in the removal and disposal process. The Department also has authority to remove any vessel within the jurisdiction of an APE that asks the department to act in its place. Likewise, an APE may request the Department to allow it to remove a vessel within the Department's jurisdiction.

Taking possession of derelict vessels

Prior to taking action on a vessel, an APE must attempt to notify the vessel's owner of its intent to remove the vessel. Notice must be mailed to the last known address of any identifiable owners, posted clearly on the vessel, and printed in a newspaper in the county in which the vessel is located. All notices must include specified information, including the procedures that must be followed to reclaim possession of the vessel, possible financial liabilities, and the rights of the APE after custody of the vessel is claimed.

Once the APE takes custody of a vessel, the APE may use or dispose of the vessel in any environmentally sound manner. However, the APE must first attempt to derive some value from the vessel either in whole or scrap. 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 utilize the least costly, environmentally sound disposal method.

The owner of a derelict or abandoned vessel is responsible for reimbursing the APE for all costs associated with the removal and disposal of the derelict or abandoned vessel. These costs include administrative costs and costs associated with any environmental damage caused by the vessel.

The Derelict Vessel Removal Account

Monies in the Derelict Vessel Removal Account (Account) is used to reimburse APEs for 90 percent of the costs associated with removing and disposing of abandoned or derelict vessels when the owner of the vessel is unknown or unable to pay. The APE may contribute its 10 percent of removal costs through in-kind services. Priority for use of the Account's funds must be given to the removal of vessels that are in danger of breaking up, sinking, presenting environmental risks, or blocking navigation channels. Prioritization guidelines must be developed informally by the Department.

Funding vessel removals

Most vessel owners in the state are required to annually register their vessel. Vessel registration requires the payment of a Watercraft Excise Tax, a \$10.50 annual registration fee, and a \$2 derelict vessel removal fee. If the balance of the Account exceeds \$1 million, then the collection of the \$2 derelict vessel removal fee is suspended.

Summary of Bill:

Policy changes to the derelict vessel removal program

The definition of a vessel is changed to specify that the definition includes both powered and unpowered vessels, all crafts intended to transport people or goods, and floating marine construction or repair equipment.

The authority for an APE to take possession and tow a vessel that is in immediate danger of sinking without employing the standard procedure for taking possession of a vessel is expanded to include instances when a vessel is posing a reasonably imminent threat to human health or safety or contamination of the environment.

Reimbursement for an APE from the Derelict Vessel Removal Account for the removal of derelict vessels is conditioned on the APE making a reasonable effort to identify and locate the party responsible for the vessel. The determination of reasonableness in the effort exerted by the APE belongs to the Department.

Revenue changes to the derelict vessel removal program

The available inputs into the Account are expanded to include fund transfers from the General Fund, dedicated portions of the Watercraft Excise Tax, and a new surcharge on vessel registrations. Revenue deposited into the Account from these sources do not count towards calculating whether collection of the \$2 vessel registration fee is suspended.

From 2007 until 2012, \$1 million collected from the Watercraft Excise Tax is redirected from the General Fund into the Account. The APEs that are reimbursed for removed vessels with money from the Watercraft Excise Tax are not required to contribute 10 percent of the cost of the removal.

In addition to the \$2 derelict vessel removal fee, the Department of Licensing must collect a \$1 Derelict Vessel Removal Surcharge on each vessel registration from 2008 until the end of 2013. Revenue collected under the Derelict Vessel Removal Surcharge must be deposited into the Account and used to remove vessels that are less than 75 feet in length.

Role of marinas

The owner of a marina may participate in the derelict vessel removal program by contracting with a local government APE. The contract between the marina and the APE must be approved by the Department and require the marina to be responsible for the share of vessel removal not covered by the Account. The marina operator must also reimburse the local government for reasonable administrative costs..

Any marina operator leasing permanent moorage is required to collect certain information about the vessel being moored. This information includes the name and contact information of the owner, the vessel's hull identification number, and the vessel's home port. The information collected must be retained for two years and made open for Department inspection. If a vessel is not registered in Washington, then a marina operator must, as a condition of the lease, secure a written statement of intent from the vessel owner that he or she plans to register the vessel. If the vessel is registered out of state, then the marina operator must direct the vessel to the proper forms for a Washington registration.

Studies

There are two studies required. In the first, the Department must work with other state agencies and stakeholders to examine alternative revenue sources to fund derelict vessel removals that are more equitable than the current formula. The report is due by November 1, 2007.

The second study involves the Department, the Department of Ecology, the environmental community, and the ship demolition industry. This group is to discuss operations and permitting requirements surrounding the demolition and disposal of large vessels. The findings of this group are to be considered whenever the Department updates the guidelines for the derelict vessel program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.