
SENATE BILL 5372

State of Washington 62nd Legislature 2011 Regular Session

By Senators Prentice, Honeyford, Fraser, Delvin, Murray, and Shin

Read first time 01/21/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to the taxation and permitting of vessels in
2 Washington; amending RCW 82.08.0266, 82.08.02665, 82.08.700, 82.12.700,
3 88.02.570, 88.02.610, 88.02.620, 88.02.640, and 82.49.020; adding a new
4 section to chapter 82.08 RCW; adding new sections to chapter 82.12 RCW;
5 adding a new section to chapter 82.14 RCW; adding new sections to
6 chapter 88.02 RCW; creating a new section; and providing an effective
7 date.

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

9 NEW SECTION. **Sec. 1.** (1) Washington state has some of the most
10 desirable cruising waters in the world for pleasure boaters and
11 especially large yachts. It is beneficial to employment and the
12 economy to encourage boaters to call Washington their home port. A
13 larger yacht will contribute significant revenue to the local community
14 in which it is moored. Job losses in the marine industry have been
15 significant because pleasure boaters have moved their vessels out of
16 the state to other states and countries. The state also loses out by
17 losing the associated sales and use tax revenue from the purchase of
18 these vessels.

1 (2) The legislature finds that passage of this act will save jobs
2 and increase employment as Washington once again becomes a destination
3 for boaters.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
5 to read as follows:

6 (1) The tax imposed in RCW 82.08.020 applies only up to three
7 hundred thousand dollars of the selling price of a vessel. Except as
8 provided in subsection (2) of this section, any amount above three
9 hundred thousand dollars is not subject to the tax imposed in RCW
10 82.08.020.

11 (2) A buyer claiming a partial exemption under subsection (1) of
12 this section for the purchase of a watercraft is liable for the
13 additional tax imposed under RCW 82.08.020 on that portion of the
14 selling price of the watercraft that exceeds three hundred thousand
15 dollars, if the watercraft is used in a manner inconsistent with the
16 definition of vessel in this section. The buyer must pay the
17 additional tax due under this subsection (2), along with any applicable
18 penalties and interest under chapter 82.32 RCW, directly to the
19 department. For purposes of the tax imposed under this subsection, the
20 limitation period on assessments in RCW 82.32.050 begins to run from
21 the date that the watercraft is first used in a manner inconsistent
22 with the definition of vessel in this section.

23 (3) For the purposes of this section, "vessel" means every
24 privately owned watercraft used or capable of being used as a means of
25 transportation on the water, other than a seaplane, and that is used
26 solely for personal purposes and is not required to be listed and
27 assessed as provided in RCW 84.40.065.

28 **Sec. 3.** RCW 82.08.0266 and 1999 c 358 s 5 are each amended to read
29 as follows:

30 The tax levied by RCW 82.08.020 (~~(shall)~~) does not apply to sales
31 to nonresidents of this state (~~(for use outside of this state)~~) of
32 watercraft requiring coast guard registration or registration by the
33 state of principal use according to the Federal Boating Act of 1958,
34 even though delivery be made within this state, but only when:

35 (1)(a) The watercraft will not be used within this state for more
36 than forty-five days; and

1 ~~((+2))~~ (b) An appropriate exemption certificate supported by
2 identification ascertaining residence as required by the department of
3 revenue and signed by the purchaser or ~~((his))~~ the purchaser's agent
4 establishing the fact that the purchaser is a nonresident and that the
5 watercraft is for use outside of this state, a copy of which ~~((shall be~~
6 retained by the dealer)) the dealer must retain; or

7 (2) The buyer has purchased a nonresident/visitor annual permit as
8 provided in section 10 of this act for the vessel. Sellers making tax
9 exempt sales under this subsection must retain a copy of the buyer's
10 nonresident/visitor annual permit.

11 **Sec. 4.** RCW 82.08.02665 and 1999 c 358 s 6 are each amended to
12 read as follows:

13 The tax levied by RCW 82.08.020 does not apply to sales of vessels
14 to residents of foreign countries ~~((for use outside of this state, even~~
15 ~~though delivery is made within this state)), but only if:~~

16 (1)(a) The vessel will not be used within this state for more than
17 forty-five days; and

18 ~~((+2))~~ (b) An appropriate exemption certificate supported by
19 identification as required by the department of revenue and signed by
20 the purchaser or the purchaser's agent establishes the fact that the
21 purchaser is a resident of a foreign country and that the vessel is for
22 use outside of this state. A copy of the exemption certificate is to
23 be retained by the dealer; or

24 (2) The buyer has purchased a nonresident/visitor annual permit as
25 provided in section 10 of this act for the vessel. Sellers making tax
26 exempt sales under this subsection must retain a copy of the buyer's
27 nonresident/visitor annual permit.

28 (3)(a) As used in this section, except as otherwise provided in (b)
29 of this subsection, "vessel" means every watercraft used or capable of
30 being used as a means of transportation on the water, other than a
31 seaplane.

32 (b) For purposes of the exemption provided in subsection (2) of
33 this section, "vessel" has the same meaning as in section 2 of this
34 act.

35 **Sec. 5.** RCW 82.08.700 and 2010 c 106 s 219 are each amended to
36 read as follows:

1 (1) Except as otherwise provided in subsection (2) of this section,
2 the tax levied by RCW 82.08.020 does not apply to sales to nonresident
3 individuals of vessels thirty feet or longer if an individual
4 purchasing a vessel purchases and displays a valid use permit.

5 (2) The exemption provided in this section does not apply to the
6 sale of a vessel, as defined in section 2 of this act, if the selling
7 price exceeds three hundred thousand dollars.

8 (3)(a) An individual claiming exemption from retail sales tax under
9 this section must display proof of his or her current nonresident
10 status at the time of purchase.

11 (b) Acceptable proof of a nonresident individual's status includes
12 one piece of identification such as a valid driver's license from the
13 jurisdiction in which the out-of-state residency is claimed or a valid
14 identification card that has a photograph of the holder and is issued
15 by the out-of-state jurisdiction. Identification under this subsection
16 ((+2)) (3)(b) must show the holder's residential address and have as
17 one of its legal purposes the establishment of residency in that out-
18 of-state jurisdiction.

19 ((+3)) (4) Nothing in this section requires the vessel dealer to
20 make tax exempt retail sales to nonresidents. A dealer may choose to
21 make sales to nonresidents, collect the sales tax, and remit the amount
22 of sales tax collected to the state as otherwise provided by law. If
23 the dealer chooses to make a sale to a nonresident without collecting
24 the sales tax, the vendor must examine the proof of nonresidence,
25 determine whether the proof is acceptable under subsection ((+2))
26 (3)(b) of this section, and maintain records for each nontaxable sale
27 that shows the type of proof accepted, including any identification
28 numbers where appropriate, and the expiration date, if any.

29 ((+4)) (5) A vessel dealer ((shall)) must issue a use permit to a
30 buyer if the dealer is satisfied that the buyer is a nonresident. The
31 use permit must be in a form and manner required by the department and
32 must include an affidavit, signed by the purchaser, declaring that the
33 vessel will be used in a manner consistent with this section. The fee
34 for the issuance of a use permit is five hundred dollars for vessels
35 fifty feet in length or less and eight hundred dollars for vessels
36 greater than fifty feet in length. Funds collected under this section
37 and RCW 82.12.700 must be reported on the dealer's excise tax return
38 and remitted to the department in accordance with RCW 82.32.045. The

1 department must transmit the fees to the state treasurer to be
2 deposited in the state general fund. The use permit must be displayed
3 on the vessel and is valid for twelve consecutive months from the date
4 of issuance. A use permit is not renewable. A purchaser at the time
5 of purchase must make an irrevocable election to take the exemption
6 authorized in this section or the exemption in either RCW 82.08.0266 or
7 82.08.02665. A vessel dealer must maintain a copy of the use permit
8 for the dealer's records. Vessel dealers must provide copies of use
9 permits issued by the dealer under this section and RCW 82.12.700 to
10 the department on a quarterly basis.

11 ~~((+5))~~ (6) A nonresident who claims an exemption under this
12 section and who uses a vessel in this state after his or her use permit
13 for that vessel has expired is liable for the tax imposed under RCW
14 82.08.020 on the original selling price of the vessel and must pay the
15 tax directly to the department. Interest at the rate provided in RCW
16 82.32.050 applies to amounts due under this subsection, retroactively
17 to the date the vessel was purchased, and accrues until the full amount
18 of tax due is paid to the department.

19 ~~((+6))~~ (7) Any vessel dealer who makes sales without collecting
20 the tax to a person who does not hold valid identification establishing
21 out-of-state residency, and any dealer who fails to maintain records of
22 sales to nonresidents as provided in this section, is personally liable
23 for the amount of tax due.

24 ~~((+7))~~ (8) Chapter 82.32 RCW applies to the administration of the
25 fee imposed in this section and RCW 82.12.700.

26 ~~((+8))~~ (9) A vessel dealer that issues use permits under this
27 section and RCW 82.12.700 must file with the department all returns in
28 an electronic format as provided or approved by the department. As
29 used in this subsection, "returns" has the same meaning as "return" in
30 RCW 82.32.050.

31 (a) Any return required to be filed in an electronic format under
32 this subsection is not filed until received by the department in an
33 electronic format provided or approved by the department.

34 (b) The electronic filing requirement in this subsection ends when
35 a vessel dealer no longer issues use permits, and the dealer has
36 electronically filed all of its returns reporting the fees collected
37 under this section and RCW 82.12.700.

1 (c) The department may waive the electronic filing requirement in
2 this subsection for good cause shown.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.12 RCW
4 to read as follows:

5 (1) The tax imposed in RCW 82.12.020 applies only up to three
6 hundred thousand dollars of the value of the vessel used. Except as
7 provided in subsection (2) of this section, the value of a vessel that
8 is above three hundred thousand dollars is not subject to the tax
9 imposed in RCW 82.12.020.

10 (2) A taxpayer claiming a partial exemption under subsection (1) of
11 this section for the use of a watercraft is liable for the additional
12 tax imposed under RCW 82.12.020 on that portion of the value of the
13 watercraft used that exceeds three hundred thousand dollars, including
14 any applicable penalties and interest under chapter 82.32 RCW, if the
15 watercraft is used in a manner inconsistent with the definition of
16 vessel in this section. This subsection does not apply to a taxpayer
17 with respect to the use of a watercraft, if the taxpayer is subject to
18 the additional tax due in section 2(2) of this act with respect to the
19 watercraft. For purposes of the tax imposed under this subsection, the
20 limitation period on assessments in RCW 82.32.050 begins to run from
21 the date that the watercraft is first used in a manner inconsistent
22 with the definition of vessel in this section.

23 (3) For the purposes of this section, "vessel" has the same meaning
24 as in section 2 of this act.

25 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.12 RCW
26 to read as follows:

27 (1) The tax imposed under RCW 82.12.020 does not apply to the use
28 of a vessel, as defined in section 2 of this act, so long as:

29 (a) The vessel is used solely for the personal use of the owner;
30 and

31 (b) The owner has a valid nonresident/visitor annual permit under
32 section 10 of this act for the vessel. The nonresident/visitor annual
33 permit must be obtained within sixty days of the first use of the
34 vessel on Washington waters or of the first use of the vessel on
35 Washington waters after the expiration of the previous
36 nonresident/visitor annual permit obtained for the vessel.

1 (2) If a taxpayer becomes ineligible for the exemption in
2 subsection (1) of this section, the limitation period on assessments in
3 RCW 82.32.050 begins to run from the date that either of the conditions
4 in subsection (1)(a) or (b) of this section are not met.

5 **Sec. 8.** RCW 82.12.700 and 2007 c 22 s 2 are each amended to read
6 as follows:

7 (1) Except as otherwise provided in subsection (2) of this section,
8 the provisions of this chapter do not apply in respect to the use of a
9 vessel thirty feet or longer if a nonresident individual:

10 (a) Purchased the vessel from a vessel dealer in accordance with
11 RCW 82.08.700;

12 (b) Purchased the vessel in the state from a person other than a
13 vessel dealer, but the nonresident individual purchases and displays a
14 valid use permit from a vessel dealer under this section within
15 fourteen days of the date that the vessel is purchased in this state;
16 or

17 (c) Acquired the vessel outside the state, but purchases and
18 displays a valid use permit from a vessel dealer under this section
19 within fourteen days of the date that the vessel is first brought into
20 this state.

21 (2) The exemption provided in subsection (1) of this section does
22 not apply to the use of a vessel, as defined in section 2 of this act,
23 if the value of the vessel used exceeds three hundred thousand dollars.

24 (3) Any vessel dealer that makes tax exempt sales under RCW
25 82.08.700 (~~shall~~) must issue use permits under this section. A
26 vessel dealer shall issue a use permit under this section if the dealer
27 is satisfied that the individual purchasing the permit is a
28 nonresident. The use permit is valid for twelve consecutive months
29 from the date of issuance. A use permit is not renewable, and an
30 individual may only purchase one use permit for a particular vessel.
31 A person who has been issued a use permit under RCW 82.08.700 for a
32 particular vessel may not purchase a use permit under this section for
33 the same vessel after the use permit issued under RCW 82.08.700
34 expires. All other requirements and conditions, not inconsistent with
35 the provisions of this section, relating to use permits in RCW
36 82.08.700, apply to use permits under this section. A person may not

1 claim an exemption under RCW 82.12.0251(1) within twenty-four months
2 after a use permit, issued under this section or RCW 82.08.700, for the
3 same vessel, has expired.

4 ~~((+3+))~~ (4)(a) Except as provided in (b) of this subsection, a
5 nonresident who claims an exemption under this section and who uses a
6 vessel in this state after his or her use permit for that vessel has
7 expired is liable for the tax imposed under RCW 82.12.020 based on the
8 value of the vessel at the time that the vessel was either purchased in
9 this state under circumstances in which the exemption under RCW
10 82.08.700 did not apply or was first brought into this state, as the
11 case may be. Interest at the rate provided in RCW 82.32.050 applies to
12 amounts due under this subsection, retroactively to the date that the
13 vessel was purchased in this state or first brought into the state, and
14 accrues until the full amount of tax due is paid to the department.

15 (b) A nonresident individual who is exempt under both this section
16 and RCW 82.08.700 and who uses a vessel in this state after his or her
17 use permit for that vessel expires is liable for tax and interest as
18 provided in RCW 82.08.700~~((+5+))~~ (6).

19 ~~((+4+))~~ (5) Any vessel dealer that issues a use permit to an
20 individual who does not hold valid identification establishing out-of-
21 state residency, and any dealer that fails to maintain records for each
22 use permit issued that shows the type of proof accepted, including any
23 identification numbers where appropriate, and the expiration date, if
24 any, is personally liable for the amount of tax due.

25 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.14 RCW
26 to read as follows:

27 (1) For purposes of a local sales tax imposed under the authority
28 of this chapter, RCW 81.104.170, or any other provision of law on the
29 sale of a vessel, the tax applies in the same manner as in section 2 of
30 this act.

31 (2) For purposes of a local use tax imposed under the authority of
32 this chapter, RCW 81.104.170, or any other provision of law on the use
33 of a vessel, the tax applies in the same manner as in section 6 of this
34 act.

35 (3) For the purposes of this section, "vessel" has the same meaning
36 as in section 2 of this act.

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 88.02 RCW
2 to read as follows:

3 (1) Except as otherwise provided in subsection (2) of this section,
4 a vessel owner may purchase a nonresident/visitor annual permit if the
5 vessel:

6 (a) Is currently registered or numbered under the provisions of RCW
7 88.02.570; and

8 (b) Will be used on Washington state waters solely for the personal
9 use of the owner for no longer than twelve consecutive months.

10 (2) Solely for the purposes of this section, "vessel" means the
11 same as provided in section 2 of this act.

12 (3) A nonresident/visitor annual permit may be obtained from the
13 department, county auditor, or other agent or subagent appointed by the
14 director. The nonresident/visitor annual permit:

15 (a) Must show the date the vessel first came into Washington state;
16 and

17 (b) Is valid for one year.

18 (4) The department, county auditor, or other agent or subagent
19 appointed by the director must collect the fee required in RCW
20 88.02.640(1)(m) when issuing a nonresident/visitor annual permit. The
21 fee must be calculated by using the same methods used to calculate the
22 tax under chapter 82.49 RCW.

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

26 (6) The department must adopt rules to implement this section,
27 including rules on issuing and displaying the nonresident/visitor
28 annual permit.

29 **Sec. 11.** RCW 88.02.570 and 2010 c 161 s 1018 are each amended to
30 read as follows:

31 Vessel registration is required under this chapter except for the
32 following:

33 (1) A military vessel owned by the United States government;

34 (2) A public vessel owned by the United States government, unless
35 the vessel is a type used for recreation;

36 (3) A vessel clearly identified as being:

37 (a) Owned by a state, county, or city; and

1 (b) Used primarily for governmental purposes;

2 (4)(a) Except as otherwise provided in (b) of this subsection (4),
3 a vessel either ((+a)) (i) registered or numbered under the laws of a
4 country other than the United States or ((+b)) (ii) having a valid
5 United States customs service cruising license issued pursuant to 19
6 C.F.R. Sec. 4.94. Either vessel is exempt from registration only for
7 the first sixty days of use on Washington state waters. On or before
8 the sixty-first day of use on Washington state waters, any vessel in
9 the state under this subsection must obtain a vessel visitor permit as
10 required under RCW 88.02.610;

11 (b) A vessel, as defined in section 2 of this act, for which the
12 owner is issued a nonresident/visitor annual permit under section 10 of
13 this act and registered under RCW 88.02.550;

14 (5)(a) A vessel that is currently registered or numbered under the
15 laws of the state of principal operation or that has been issued a
16 valid number under federal law. However, either vessel must be
17 registered in Washington state if the state of principal operation
18 changes to Washington state by the sixty-first day after the vessel
19 arrives in Washington state;

20 (b) A vessel, as defined in section 2 of this act, for which the
21 owner is issued a nonresident/visitor annual permit under section 10 of
22 this act and registered under RCW 88.02.550;

23 (6)(a) A vessel owned by a nonresident if:

24 ((+a)) (i) The vessel is located upon the waters of this state
25 exclusively for repairs, alteration, or reconstruction, or any testing
26 related to these services;

27 ((+b)) (ii) An employee of the facility providing these services
28 is on board the vessel during any testing; and

29 ((+c)) (iii) The nonresident files an affidavit with the
30 department of revenue by the sixty-first day verifying that the vessel
31 is located upon the waters of this state for these services.

32 (b) The nonresident (~~shall~~) must continue to file an affidavit
33 every sixty days thereafter, as long as the vessel is located upon the
34 waters of this state exclusively for repairs, alteration,
35 reconstruction, or testing;

36 (7) A vessel equipped with propulsion machinery of less than ten
37 horsepower that:

- 1 (a) Is owned by the owner of a vessel for which a valid vessel
2 number has been issued;
- 3 (b) Displays the number of that numbered vessel followed by the
4 suffix "1" in the manner prescribed by the department; and
- 5 (c) Is used as a tender for direct transportation between the
6 numbered vessel and the shore and for no other purpose;
- 7 (8) A vessel under sixteen feet in overall length that has no
8 propulsion machinery of any type or that is not used on waters subject
9 to the jurisdiction of the United States or on the high seas beyond the
10 territorial seas for vessels owned in the United States and are powered
11 by propulsion machinery of ten or less horsepower;
- 12 (9) A vessel with no propulsion machinery of any type for which the
13 primary mode of propulsion is human power;
- 14 (10) A vessel primarily engaged in commerce that has or is required
15 to have a valid marine document as a vessel of the United States. A
16 commercial vessel that the department of revenue determines has the
17 external appearance of a vessel that would otherwise be required to
18 register under this chapter, must display decals issued annually by the
19 department of revenue that indicate the vessel's exempt status;
- 20 (11) A vessel primarily engaged in commerce that is owned by a
21 resident of a country other than the United States;
- 22 (12)(a) A vessel owned by a nonresident natural person brought into
23 the state for use or enjoyment while temporarily within the state for
24 not more than six months in any continuous twelve-month period that
25 (~~((a))~~) (i) is currently registered or numbered under the laws of the
26 state of principal use or (~~((b))~~) (ii) has been issued a valid number
27 under federal law. This type of vessel is exempt from registration
28 only for the first sixty days of use on Washington state waters. On or
29 before the sixty-first day of use on Washington state waters, any
30 vessel under this subsection must obtain a nonresident vessel permit as
31 required under RCW 88.02.620;
- 32 (b) A vessel, as defined in section 2 of this act, for which the
33 owner is issued a nonresident/visitor annual permit under section 10 of
34 this act and registered under RCW 88.02.550;
- 35 (13) A vessel used in this state by a nonresident individual
36 possessing a valid use permit issued under RCW 82.08.700 or 82.12.700;
37 and
- 38 (14) A vessel held for sale by any licensed dealer.

1 NEW SECTION. **Sec. 12.** A new section is added to chapter 88.02 RCW
2 to read as follows:

3 (1) A marina that leases permanent moorage to vessels must require
4 the following information from the lessee as a condition of leasing
5 moorage space:

6 (a) The name of the legal owner of the vessel;

7 (b) A local contact person, if different than the owner;

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

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

10 (e) The vessel's coast guard registration (if applicable);

11 (f) The vessel's home port;

12 (g) The date on which the moorage lease began; and

13 (h) The vessel's country or state of registration and registration
14 number.

15 (2) A marina must maintain records of the information required
16 under subsection (1) of this section for at least two years. The
17 marina must permit any authorized agent of the department or the
18 department of revenue to inspect these records upon request.

19 (3) A marina that leases permanent moorage to vessels must require
20 proof of vessel registration or a written statement of intent to
21 register a vessel as a condition of leasing moorage space. If the
22 applicant's vessel is not registered in this state, the marina must
23 inform the moorage applicant of the state law requiring vessel
24 registration and direct the moorage applicant to the appropriate vessel
25 registration forms. After being informed by the marina of the
26 registration requirements, it is the moorage applicant's responsibility
27 to register the vessel.

28 **Sec. 13.** RCW 88.02.610 and 2010 c 161 s 1026 are each amended to
29 read as follows:

30 (1) Except as otherwise provided in subsection (2) of this section,
31 a vessel owner ((shall)) **must** apply for a vessel visitor permit if the
32 vessel is:

33 (a) Currently registered or numbered under the laws of a country
34 other than the United States or has a valid United States customs
35 service cruising license issued under 19 C.F.R. Sec. 4.94; and

36 (b) Being used on Washington state waters for the personal use of
37 the owner for more than sixty days.

1 (2) The vessel visitor permit provided in this section does not
2 apply to a vessel as defined in section 2 of this act.

3 (3) A vessel visitor permit:

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

6 (b) Must show the date the vessel first came into Washington state;
7 and

8 (c) Is valid as long as the vessel remains currently registered or
9 numbered under the laws of a country other than the United States or
10 the United States customs service cruising license remains valid.

11 (~~(3)~~) (4) The department, county auditor or other agent, or
12 subagent appointed by the director (~~shall~~) must collect the fee
13 required in RCW 88.02.640(1)(1) when issuing a vessel visitor permit.

14 (~~(4)~~) (5) The department (~~shall~~) must adopt rules to implement
15 this section, including rules on issuing and displaying the vessel
16 visitor permit.

17 **Sec. 14.** RCW 88.02.620 and 2010 c 161 s 1027 are each amended to
18 read as follows:

19 (1) Except as otherwise provided in subsection (2) of this section,
20 a vessel owner who is a nonresident natural person (~~shall~~) must apply
21 for a nonresident vessel permit on or before the sixty-first day of use
22 in Washington state if the vessel:

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

26 (b) Has been brought into Washington state for personal use for not
27 more than six months in any continuous twelve-month period.

28 (2) The nonresident vessel permit provided in this section does not
29 apply to a vessel as defined in section 2 of this act.

30 (3) A nonresident vessel permit:

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

33 (b) Must show the date the vessel first came into Washington state;
34 and

35 (c) Is valid for two months.

36 (~~(3)~~) (4) The department, county auditor or other agent, or

1 subagent appointed by the director (~~shall~~) must collect the fee
2 required in RCW 88.02.640(1)(g) when issuing nonresident vessel
3 permits.

4 (~~(4)~~) (5) A nonresident vessel permit is not required under this
5 section if the vessel is used in conducting temporary business activity
6 within Washington state.

7 (~~(5)~~) (6) The department (~~shall~~) must adopt rules to implement
8 this section, including rules on issuing and displaying the nonresident
9 vessel permit.

10 **Sec. 15.** RCW 88.02.640 and 2010 c 161 s 1028 are each amended to
11 read as follows:

12 (1) In addition to any other fees and taxes required by law, the
13 department, county auditor or other agent, or subagent appointed by the
14 director (~~shall~~) must charge the following vessel fees:

| 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 | Subsections (3) and (4) of this section | Subsection (3) of this section |
| (c) Duplicate registration | \$1.25 | RCW 88.02.590(1)(c) | General fund |
| (d) Filing | RCW 46.17.005 | RCW 46.17.005 | RCW 46.68.440 |
| (e) License plate technology | RCW 46.17.015 | RCW 46.17.015 | RCW 46.68.400 |
| (f) License service | RCW 46.17.025 | RCW 46.17.025 | RCW 46.68.220 |
| (g) Nonresident vessel permit | \$25.00 | RCW 88.02.620((3)) <u>(4)</u> | Subsection (6) of this section |
| (h) Registration | \$10.50 | RCW 88.02.560(2) | General fund |
| (i) Replacement decal | \$1.25 | RCW 88.02.595(1)(c) | General fund |
| (j) Title application | \$5.00 | RCW 88.02.515 | General fund |
| (k) Transfer | \$1.00 | RCW 88.02.560(7) | General fund |
| (l) Vessel visitor permit | \$30.00 | RCW 88.02.610((3)) <u>(4)</u> | General fund |
| <u>(m) Nonresident/visitor annual permit</u> | <u>.5% of the fair market value of the vessel</u> | <u>Section 10 of this act</u> | <u>General fund</u> |

33 (2) The five dollar dealer temporary permit fee required in

1 subsection (1) of this section must be credited to the payment of
2 registration fees at the time application for registration is made.

3 (3)(a) Until June 30, 2012, the derelict vessel and invasive
4 species removal fee required in subsection (1) of this section is five
5 dollars and must be distributed as follows:

6 (i) One dollar and fifty cents must be deposited in the aquatic
7 invasive species prevention account created in RCW 77.12.879;

8 (ii) One dollar must be deposited into the freshwater aquatic algae
9 control account created in RCW 43.21A.667;

10 (iii) Fifty cents must be deposited into the aquatic invasive
11 species enforcement account created in RCW 43.43.400; and

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

14 (b) On and after June 30, 2012, the derelict vessel and invasive
15 species removal fee is two dollars and must be deposited into the
16 derelict vessel removal account created in RCW 79.100.100. If the
17 department of natural resources indicates that the balance of the
18 derelict vessel removal account, not including any transfer or
19 appropriation of funds into the account or funds deposited into the
20 account collected under subsection (5) of this section reaches one
21 million dollars as of March 1st of any year, the collection of the two
22 dollar derelict vessel and invasive species removal fee must be
23 suspended for the following fiscal year.

24 (4) Until January 1, 2014, an annual derelict vessel removal
25 surcharge of one dollar must be charged with each vessel registration.
26 The surcharge:

27 (a) Is to address the significant backlog of derelict vessels
28 accumulated in Washington state waters that pose a threat to the health
29 and safety of the people and to the environment;

30 (b) Is to be used only for the removal of vessels that are less
31 than seventy-five feet in length; and

32 (c) Must be deposited into the derelict vessel removal account
33 created in RCW 79.100.100.

34 (5) The twenty-five dollar nonresident vessel permit fee must be
35 paid by the vessel owner to the department for the cost of providing
36 the identification document by the department. Any moneys remaining
37 from the fee after the payment of costs must be allocated to counties

1 by the state treasurer for approved boating safety programs under RCW
2 88.02.655.

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

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

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

9 (c) Any moneys remaining must be allocated to counties by the state
10 treasurer for approved boating safety programs under RCW 88.02.655; and

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

14 **Sec. 16.** RCW 82.49.020 and 1984 c 250 s 1 are each amended to read
15 as follows:

16 The following are exempt from the tax imposed under this chapter:

17 (1) Vessels exempt from the registration requirements of chapter
18 88.02 RCW, except as provided in subsection (7) of this section;

19 (2) Vessels used exclusively for commercial fishing purposes;

20 (3) Vessels under sixteen feet in overall length;

21 (4) Vessels owned and operated by the United States, a state of the
22 United States, or any municipality or political subdivision thereof;

23 (5) Vessels owned by a nonprofit organization or association
24 engaged in character building of boys and girls under eighteen years of
25 age and solely used for such purposes, as determined by the department
26 for the purposes of RCW 84.36.030; (~~and~~)

27 (6) Vessels owned and held for sale by a dealer, but not rented on
28 a regular commercial basis; and

29 (7) Vessels, as defined in section 2 of this act, for which the
30 nonresident owner has purchased a nonresident/visitor annual permit as
31 provided in section 10 of this act.

32 NEW SECTION. **Sec. 17.** This act takes effect August 1, 2011.

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