

SENATE BILL REPORT

ESHB 1906

As Reported by Senate Committee On:
Transportation, February 26, 2024

Title: An act relating to the vessel length requirement in obtaining nonresident vessel permits.

Brief Description: Changing the vessel length requirement in obtaining nonresident vessel permits.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Chapman, Barkis, Bronoske, Reed, Ryu and Reeves).

Brief History: Passed House: 2/13/24, 97-0.

Committee Activity: Transportation: 2/20/24, 2/26/24 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Increases from 200 to 300 feet the allowable maximum length of certain nonresident vessels eligible for a nonresident vessel permit.
- Requires a fee for a nonresident vessel permit for commercially-owned vessels between 201 and 300 feet of \$100 per foot of vessel length, beginning May 1, 2025.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Shewmake, Vice Chair; King, Ranking Member; Holy, Assistant Ranking Member; Cleveland, Hansen, Lovelett, MacEwen, Nobles, Valdez, Wilson, C. and Wilson, J..

Minority Report: Do not pass.

Signed by Senator Kauffman.

Minority Report: That it be referred without recommendation.

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

Signed by Senators Fortunato, Hawkins and Padden.

Staff: Kelly Simpson (786-7403)

Background: Nonresident Vessel Permit. A nonresident owner of a vessel must obtain a nonresident vessel permit from the Department of Licensing (DOL) to operate the vessel on Washington waters beyond 60 days. A nonresident vessel permit lasts 60 days and may be renewed for an additional 60-day period. The permit may be issued only if the vessel has been brought into Washington for no more than six months in any continuous 12-month period. A vessel is eligible only if it is used for personal use or for charters with a captain or crew, as long as each individual charter is at least three days in duration.

Additional Nonresident Vessel Permit Conditions. For a vessel owned by an entity other than a natural person, or for a vessel for which the individual owner intends to use it for charters with a captain or crew, additional conditions apply before a permit may be issued. The vessel must be at least 30 feet in length, but no more than 200 feet. The vessel may not be owned by a Washington resident, nor may a Washington resident be a principal of a nonresident owner. The Department of Revenue (DOR) must provide approval to the owner authorizing the permit. These additional conditions to obtain a nonresident vessel permit expire in 2029.

Nonresident Vessel Permit Fees. To obtain a nonresident vessel permit, the applicant must apply to DOL and must pay a fee, which depends on whether the vessel owner is a natural person or an entity other than a person. If the owner is a natural person, the fee is \$25. If the owner is not a natural person, for example, commercially-owned, the fee ranges from \$750 for 30 foot vessels to \$7,500 for 200 foot vessels. If the applicant intends to use the vessel for charters with a captain or crew, use tax is also due on the reasonable bare rental value of the vessel. This fee structure expires in 2029.

Summary of Amended Bill: The allowable maximum length of a vessel for which a nonresident entity other than a person may obtain a nonresident vessel permit, or for which a nonresident person who intends to charter the vessel with a captain or crew may obtain such a permit, is increased from 200 to 300 feet. The fee for a nonresident vessel permit for a vessel of length between 201 and 300 feet, if the owner is an entity other than a person, is \$100 per foot of vessel length, beginning May 1, 2025.

Until May 1, 2025, DOL must process an application and assess a fee for a nonresident vessel permit for any vessel between 201 and 300 feet in length in the same manner as that for a vessel of 200 feet in length.

The bill expires on December 31, 2026.

EFFECT OF TRANSPORTATION COMMITTEE AMENDMENT(S):

- Changes the nonresident vessel permit fee for a vessel between 201 and 300 feet in length from \$42 per foot to \$100 per foot.
- Changes the expiration date to December 31, 2026.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Engrossed Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill would provide an economic benefit to the state by allowing larger vessels into Washington. The bill simply expands on the program enacted previously by the Legislature. Since the previous enactment in 2021 the state has seen increased interest from out-of-state vessel owners in coming to visit Washington. Extending the nonresident vessel permit would support the maritime industry in Washington, creating jobs and additional taxable activity. The maritime industry is a large economic driver in the state. With the World Cup coming to Washington, along with other large public events, the bill would support the economic activity coming from these events.

Persons Testifying: PRO: Paul Jarkiewicz, Port Of Port Angeles; monique webber, Pacific Yacht Management; James Cockburn, Washington Public Ports Association; Roman Daniels-Brown, NW Marine Trade Association; Lindsey LaPrath, Worth Avenue Yachts.

Persons Signed In To Testify But Not Testifying: No one.