

SENATE BILL REPORT

ESSB 5281

As Passed Senate, February 19, 2025

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: Senate Committee on Transportation (originally sponsored by Senators Chapman, King, Lias, Harris, Nobles and Shewmake).

Brief History:

Committee Activity: Transportation: 1/27/25, 2/06/25 [DPS].

Floor Activity: Passed Senate: 2/19/25, 48-0.

Brief Summary of Engrossed First Substitute 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, 2026.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5281 be substituted therefor, and the substitute bill do pass.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Ramos, Vice Chair; King, Ranking Member; Goehner, Assistant Ranking Member; Alvarado, Chapman, Christian, Cortes, Fortunato, Harris, Holy, Krishnadasan, Lovelett, MacEwen, Nobles, Shewmake, Valdez and Wilson, J..

Staff: Kelly Simpson (786-7403)

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.

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 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. Fee proceeds go to administering the permit and to counties for boating safety programs. 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.

Compulsory Marine Pilotage. Every non-exempt foreign-flagged vessel operating in the waters of Puget Sound pilotage district or Grays Harbor pilotage district is subject to compulsory marine pilotage. Passenger vessels and yachts exceeding 200 feet in overall length are not eligible for an exemption and are therefore subject to compulsory marine pilotage requirements.

Summary of Engrossed First Substitute 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, 2026.

Until May 1, 2026, 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.

Fee proceeds from fees applicable to vessels between 201 and 300 feet in length must be

allocated to the Washington State Recreation and Conservation Office for a grant program to support youth swim lessons in overburdened communities.

Vessels operating under a nonresident vessel permit must comply with the Quiet Sound Program and Washington Department of Fish and Wildlife's safe whale distance guidelines.

The bill expires on January 1, 2029.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on September 1, 2025.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill was considered last legislative session. It would allow for additional recreational boating in our state. Recreational boating generates roughly \$8 billion in economic activity within Washington State. The bill generates additional revenue to state and local governments through increased tourism. It applies to a small number of vessels, but they have a big economic benefit to the state. The activity helps sustain working waterfronts around the state. The permit fee revenue goes to a worthy cause in youth swimming lessons. Last year, one recreational boating broker saw 47 superyachts leave Washington at the end of their permitted sixty day period, as the law did not allow the vessels to obtain the nonresident vessel permit. The vessels also bring in crews of roughly 20 to 25 people spending weeks at a time in Washington spending money.

Persons Testifying: PRO: Senator Mike Chapman, Prime Sponsor; monique webber, Pacific Yacht Management; Roman Daniels-Brown, Northwest Marine Trade Association; James Cockburn, Washington Public Ports Association; Martin Marchant , Port of Port Angeles; TRENT MATSON, THE MARINE EXCHANGE OF PUGET SOUND.

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