
HOUSE BILL 1904

State of Washington 62nd Legislature 2011 Regular Session

By Representatives Clibborn, Rodne, Maxwell, and Lias

Read first time 02/09/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to nonresident vessel permits and taxation; and
2 amending RCW 88.02.620, 82.08.700, and 82.12.700.

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

4 **Sec. 1.** RCW 88.02.620 and 2010 c 161 s 1027 are each amended to
5 read as follows:

6 (1) A vessel owner who is a nonresident (~~natural~~) person
7 (~~shall~~) must apply for a nonresident vessel permit on or before the
8 sixty-first day of use in Washington state if the vessel:

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

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

14 (2) A nonresident vessel permit:

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

17 (b) Must show the date the vessel first came into Washington state;
18 and

19 (c) Is valid for two months.

1 (3) The department, county auditor or other agent, or subagent
2 appointed by the director (~~shall~~) must collect the fee required in
3 RCW 88.02.640(1)(g) when issuing nonresident vessel permits.

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

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

10 **Sec. 2.** RCW 82.08.700 and 2010 c 106 s 219 are each amended to
11 read as follows:

12 (1) The tax levied by RCW 82.08.020 does not apply to sales to
13 nonresident (~~individuals~~) persons of vessels thirty feet or longer if
14 (~~an individual~~) a person purchasing a vessel purchases and displays
15 a valid use permit.

16 (2)(a) (~~An individual~~) A person claiming exemption from retail
17 sales tax under this section must display proof of (~~his or her~~) the
18 person's current nonresident status at the time of purchase.

19 (b) Acceptable proof of a nonresident (~~individual's~~) person's
20 status for an individual includes one piece of identification such as
21 a valid driver's license from the jurisdiction in which the out-of-
22 state residency is claimed or a valid identification card that has a
23 photograph of the holder and is issued by the out-of-state
24 jurisdiction. Identification under this subsection (2)(b) must show
25 the holder's residential address and have as one of its legal purposes
26 the establishment of residency in that out-of-state jurisdiction.

27 (c) The department must adopt rules to implement this section as
28 necessary, including rules determining acceptable proof of a
29 nonresident person who is not an individual.

30 (3) Nothing in this section requires the vessel dealer to make tax
31 exempt retail sales to nonresidents. A dealer may choose to make sales
32 to nonresidents, collect the sales tax, and remit the amount of sales
33 tax collected to the state as otherwise provided by law. If the dealer
34 chooses to make a sale to a nonresident without collecting the sales
35 tax, the vendor must examine the proof of nonresidence, determine
36 whether the proof is acceptable under subsection (2)(b) of this section
37 or any applicable rules adopted by the department, and maintain records

1 for each nontaxable sale that shows the type of proof accepted,
2 including any identification numbers where appropriate, and the
3 expiration date, if any.

4 (4) A vessel dealer (~~shall~~) must issue a use permit to a buyer if
5 the dealer is satisfied that the buyer is a nonresident. The use
6 permit must be in a form and manner required by the department and must
7 include an affidavit, signed by the purchaser, declaring that the
8 vessel will be used in a manner consistent with this section. The fee
9 for the issuance of a use permit is five hundred dollars for vessels
10 fifty feet in length or less and eight hundred dollars for vessels
11 greater than fifty feet in length. Funds collected under this section
12 and RCW 82.12.700 must be reported on the dealer's excise tax return
13 and remitted to the department in accordance with RCW 82.32.045. The
14 department must transmit the fees to the state treasurer to be
15 deposited in the state general fund. The use permit must be displayed
16 on the vessel and is valid for twelve consecutive months from the date
17 of issuance. A use permit is not renewable. A purchaser at the time
18 of purchase must make an irrevocable election to take the exemption
19 authorized in this section or the exemption in either RCW 82.08.0266 or
20 82.08.02665. A vessel dealer must maintain a copy of the use permit
21 for the dealer's records. Vessel dealers must provide copies of use
22 permits issued by the dealer under this section and RCW 82.12.700 to
23 the department on a quarterly basis.

24 (5) A nonresident person who claims an exemption under this section
25 and who uses a vessel in this state after his or her use permit for
26 that vessel has expired is liable for the tax imposed under RCW
27 82.08.020 on the original selling price of the vessel and must pay the
28 tax directly to the department. Interest at the rate provided in RCW
29 82.32.050 applies to amounts due under this subsection, retroactively
30 to the date the vessel was purchased, and accrues until the full amount
31 of tax due is paid to the department.

32 (6) Any vessel dealer who makes sales without collecting the tax to
33 a person who does not hold valid identification establishing
34 out-of-state residency or other proof as required by rule, and any
35 dealer who fails to maintain records of sales to nonresident(~~s~~)
36 persons as provided in this section, is personally liable for the
37 amount of tax due.

1 (7) Chapter 82.32 RCW applies to the administration of the fee
2 imposed in this section and RCW 82.12.700.

3 (8) A vessel dealer that issues use permits under this section and
4 RCW 82.12.700 must file with the department all returns in an
5 electronic format as provided or approved by the department. As used
6 in this subsection, "returns" has the same meaning as "return" in RCW
7 82.32.050.

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

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

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

17 **Sec. 3.** RCW 82.12.700 and 2007 c 22 s 2 are each amended to read
18 as follows:

19 (1) The provisions of this chapter do not apply in respect to the
20 use of a vessel thirty feet or longer if a nonresident (~~((individual))~~)
21 person:

22 (a) Purchased the vessel from a vessel dealer in accordance with
23 RCW 82.08.700;

24 (b) Purchased the vessel in the state from a person other than a
25 vessel dealer, but the nonresident (~~((individual))~~) person purchases and
26 displays a valid use permit from a vessel dealer under this section
27 within fourteen days of the date that the vessel is purchased in this
28 state; or

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

33 (2) Any vessel dealer that makes tax exempt sales under RCW
34 82.08.700 (~~((shall))~~) must issue use permits under this section. A
35 vessel dealer (~~((shall))~~) must issue a use permit under this section if
36 the dealer is satisfied that the (~~((individual))~~) person purchasing the
37 permit is a nonresident. The use permit is valid for twelve

1 consecutive months from the date of issuance. A use permit is not
2 renewable, and (~~(an individual)~~) a person may only purchase one use
3 permit for a particular vessel. A person who has been issued a use
4 permit under RCW 82.08.700 for a particular vessel may not purchase a
5 use permit under this section for the same vessel after the use permit
6 issued under RCW 82.08.700 expires. All other requirements and
7 conditions, not inconsistent with the provisions of this section,
8 relating to use permits in RCW 82.08.700, apply to use permits under
9 this section. A person may not claim an exemption under RCW
10 82.12.0251(1) within twenty-four months after a use permit, issued
11 under this section or RCW 82.08.700, for the same vessel, has expired.

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

23 (b) A nonresident (~~(individual)~~) person who is exempt under both
24 this section and RCW 82.08.700 and who uses a vessel in this state
25 after (~~(his or her)~~) the use permit for that vessel expires is liable
26 for tax and interest as provided in RCW 82.08.700(5).

27 (4) Any vessel dealer that issues a use permit to (~~(an individual)~~)
28 a person who does not hold valid identification or other proof as
29 required by rule establishing out-of-state residency, and any dealer
30 that fails to maintain records for each use permit issued that shows
31 the type of proof accepted, including any identification numbers where
32 appropriate, and the expiration date, if any, is personally liable for
33 the amount of tax due.

34 (5) The department must adopt rules to implement this section as
35 necessary, including rules determining acceptable proof of a
36 nonresident person who is not an individual.

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