
SENATE BILL 5878

State of Washington

64th Legislature

2015 Regular Session

By Senators Bailey, Kohl-Welles, Parlette, Keiser, Rolfes, Rivers, Angel, Lias, and Ranker

Read first time 02/06/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to nonresident vessel permits and taxation;
2 amending RCW 88.02.620, 82.08.700, and 82.12.700; providing an
3 effective date; providing an expiration date; and declaring an
4 emergency.

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

6 **Sec. 1.** RCW 88.02.620 and 2011 c 171 s 133 are each amended to
7 read as follows:

8 (1) Subject to the limitations provided in subsection (5) of this
9 section, a vessel owner who is a nonresident ((natural)) person
10 ((shall)) must apply for a nonresident vessel permit on or before the
11 sixty-first day of use in Washington state if the vessel:

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

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

17 (2) A nonresident vessel permit:

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

20 (b) Must show the date the vessel first came into Washington
21 state; and

1 (c) Is valid for two months.

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

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

8 (5) If the applicant is not a natural person, application for a
9 nonresident vessel permit under this section must be made by mail.
10 The department may not issue more than twenty nonresident vessel
11 permits annually per calendar year under this section to applicants
12 who are not natural persons. The department may only issue a
13 nonresident vessel permit to a person who is not a natural person, if
14 such person is otherwise eligible under this section and is among the
15 first twenty persons who are not natural persons to submit a permit
16 application under this section. For the purposes of determining which
17 applications are received first, the application's postmark date is
18 determinative and only complete and otherwise eligible applications
19 may be considered.

20 (6) The department (~~(shall)~~) must adopt rules to implement this
21 section, including rules on issuing and displaying the nonresident
22 vessel permit.

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

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

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

32 (b) Acceptable proof of a nonresident (~~(individual's)~~) person's
33 status for an individual includes one piece of identification such as
34 a valid driver's license from the jurisdiction in which the out-of-
35 state residency is claimed or a valid identification card that has a
36 photograph of the holder and is issued by the out-of-state
37 jurisdiction. Identification under this subsection (2)(b) must show
38 the holder's residential address and have as one of its legal

1 purposes the establishment of residency in that out-of-state
2 jurisdiction.

3 (c) Acceptable proof of a nonresident person's status, for a
4 person who is not an individual, such as a limited liability company,
5 corporation, or limited partnership, includes:

6 (i) A current certificate of good standing for the entity from
7 the out-of-state jurisdiction claimed by the person;

8 (ii) A current list of all principals of the person;

9 (iii) A copy of the person's certificate of incorporation or the
10 articles of incorporation;

11 (iv) A completed affidavit of out-of-state residency;

12 (v) One piece of identification provided by the person, such as a
13 valid driver's license verifying out-of-state residency or a valid
14 identification card that has a photograph of the holder and is issued
15 by an out-of-state jurisdiction; and

16 (vi) A written and notarized statement signed by a principal of
17 the person's entity that states:

18 "The entity agrees to make all records available to
19 representatives of the Washington State Department of Revenue for
20 verification of nonresidency status of all principals of the entity.
21 This includes any corporate or ownership documents filed with any and
22 all state, federal, and/or foreign agencies provided for title,
23 documentation, or registry purposes."

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

34 (4)(a) Subject to the limitations provided in (b) of this
35 subsection, a vessel dealer (~~shall~~) must issue a use permit to a
36 buyer if the dealer is satisfied that the buyer is a nonresident. The
37 use permit must be in a form and manner required by the department
38 and must include an affidavit, signed by the purchaser, declaring
39 that the vessel will be used in a manner consistent with this
40 section. The fee for the issuance of a use permit is five hundred

1 dollars for vessels fifty feet in length or less and eight hundred
2 dollars for vessels greater than fifty feet in length. Funds
3 collected under this section and RCW 82.12.700 must be reported on
4 the dealer's excise tax return and remitted to the department in
5 accordance with RCW 82.32.045. The department must transmit the fees
6 to the state treasurer to be deposited in the state general fund. The
7 use permit must be displayed on the vessel and is valid for twelve
8 consecutive months from the date of issuance. A use permit is not
9 renewable. A purchaser at the time of purchase must make an
10 irrevocable election to take the exemption authorized in this section
11 or the exemption in either RCW 82.08.0266 or 82.08.02665. A vessel
12 dealer must maintain a copy of the use permit for the dealer's
13 records. Vessel dealers must provide copies of use permits issued by
14 the dealer under this section and RCW 82.12.700 to the department on
15 a quarterly basis.

16 (b) A vessel dealer may not issue a use permit to a nonresident
17 person who is not an individual. If the nonresident person is not an
18 individual, the person must apply to the department by mail for a use
19 permit under this section in the form and manner required by the
20 department. The department may not issue more than twenty nonresident
21 use permits annually per calendar year under this section to persons
22 who are not individuals. The department may only issue a nonresident
23 use permit to a person who is not an individual, if such person is
24 otherwise eligible under this section and is among the first twenty
25 persons who are not individuals to submit a permit application under
26 this section. For the purposes of determining which applications are
27 received first, the application's postmark date is determinative and
28 only complete and otherwise eligible applications may be considered.

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

37 (6) Any vessel dealer who makes sales without collecting the tax
38 to a person who does not hold valid identification establishing out-
39 of-state residency, and any dealer who fails to maintain records of

1 sales to nonresident(~~s~~) persons as provided in this section, is
2 personally liable for the amount of tax due.

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

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

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

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

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

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

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

24 (a) Purchased the vessel from a vessel dealer in accordance with
25 RCW 82.08.700;

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

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

35 (2)(a) Subject to the limitations provided in (b) of this
36 subsection, any vessel dealer that makes tax exempt sales under RCW
37 82.08.700 (~~shall~~) must issue use permits under this section. A
38 vessel dealer (~~shall~~) must issue a use permit under this section if
39 the dealer is satisfied that the (~~individual~~) person purchasing the

1 permit is a nonresident. The use permit is valid for twelve
2 consecutive months from the date of issuance. A use permit is not
3 renewable, and (~~an individual~~) a person may only purchase one use
4 permit for a particular vessel. A person who has been issued a use
5 permit under RCW 82.08.700 for a particular vessel may not purchase a
6 use permit under this section for the same vessel after the use
7 permit issued under RCW 82.08.700 expires.

8 (b) A vessel dealer may not issue a use permit to a nonresident
9 person who is not an individual. If the nonresident person is not an
10 individual, the person must apply to the department by mail for a use
11 permit under this section in the form and manner required by the
12 department. The department may not issue more than twenty nonresident
13 use permits annually per calendar year under this section to persons
14 who are not individuals. The department may only issue a nonresident
15 use permit to a person who is not an individual, if such person is
16 otherwise eligible under this section and is among the first twenty
17 persons who are not individuals to submit a permit application under
18 this section. For the purposes of determining which applications are
19 received first, the application's postmark date is determinative and
20 only complete and otherwise eligible applications may be considered.

21 (c) All other requirements and conditions, not inconsistent with
22 the provisions of this section, relating to use permits in RCW
23 82.08.700, apply to use permits under this section.

24 (d) A person may not claim an exemption under RCW 82.12.0251(1)
25 within twenty-four months after a use permit, issued under this
26 section or RCW 82.08.700, for the same vessel, has expired.

27 (3)(a) Except as provided in (b) of this subsection, a
28 nonresident who claims an exemption under this section and who uses a
29 vessel in this state after his or her use permit for that vessel has
30 expired is liable for the tax imposed under RCW 82.12.020 based on
31 the value of the vessel at the time that the vessel was either
32 purchased in this state under circumstances in which the exemption
33 under RCW 82.08.700 did not apply or was first brought into this
34 state, as the case may be. Interest at the rate provided in RCW
35 82.32.050 applies to amounts due under this subsection, retroactively
36 to the date that the vessel was purchased in this state or first
37 brought into the state, and accrues until the full amount of tax due
38 is paid to the department.

39 (b) A nonresident (~~individual~~) person who is exempt under both
40 this section and RCW 82.08.700 and who uses a vessel in this state

1 after ((~~his or her~~)) the use permit for that vessel expires is liable
2 for tax and interest as provided in RCW 82.08.700(5).

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

10 (b) Acceptable proof of a nonresident person's status, for a
11 person who is not an individual, such as a limited liability company,
12 corporation, or limited partnership, is the same as provided in RCW
13 82.08.700.

14 NEW SECTION. Sec. 4. This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of
16 the state government and its existing public institutions, and takes
17 effect July 1, 2015.

18 NEW SECTION. Sec. 5. This act expires July 1, 2019.

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