
SENATE BILL 6581

State of Washington

63rd Legislature

2014 Regular Session

By Senators Bailey and Kohl-Welles

Read first time 03/04/14. 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; and providing an expiration date.

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

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

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

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

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

16 (2) A nonresident vessel permit:

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

1 (b) Must show the date the vessel first came into Washington state;
2 and

3 (c) Is valid for two months.

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

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

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

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

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

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

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

34 (b) Acceptable proof of a nonresident (~~(individual's)~~) person's
35 status for an individual includes one piece of identification such as
36 a valid driver's license from the jurisdiction in which the out-of-
37 state residency is claimed or a valid identification card that has a

1 photograph of the holder and is issued by the out-of-state
2 jurisdiction. Identification under this subsection (2)(b) must show
3 the holder's residential address and have as one of its legal purposes
4 the establishment of residency in that out-of-state jurisdiction.

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

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

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

11 (iii) A copy of the person's certificate of incorporation or the
12 articles of incorporation;

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

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

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

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

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

36 (4)(a) Subject to the limitations provided in (b) of this
37 subsection, a vessel dealer (~~shall~~) must issue a use permit to a
38 buyer if the dealer is satisfied that the buyer is a nonresident. The

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

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

32 (5) A nonresident person who claims an exemption under this section
33 and who uses a vessel in this state after his or her use permit for
34 that vessel has expired is liable for the tax imposed under RCW
35 82.08.020 on the original selling price of the vessel and must pay the
36 tax directly to the department. Interest at the rate provided in RCW
37 82.32.050 applies to amounts due under this subsection, retroactively

1 to the date the vessel was purchased, and accrues until the full amount
2 of tax due is paid to the department.

3 (6) Any vessel dealer who makes sales without collecting the tax to
4 a person who does not hold valid identification establishing
5 out-of-state residency, and any dealer who fails to maintain records of
6 sales to nonresident(~~(s)~~) persons as provided in this section, is
7 personally liable for the amount of tax due.

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

10 (8) A vessel dealer that issues use permits under this section and
11 RCW 82.12.700 must file with the department all returns in an
12 electronic format as provided or approved by the department. As used
13 in this subsection, "returns" has the same meaning as "return" in RCW
14 82.32.050.

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

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

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

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

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

29 (a) Purchased the vessel from a vessel dealer in accordance with
30 RCW 82.08.700;

31 (b) Purchased the vessel in the state from a person other than a
32 vessel dealer, but the nonresident (~~(individual)~~) person purchases and
33 displays a valid use permit from a vessel dealer under this section
34 within fourteen days of the date that the vessel is purchased in this
35 state; or

36 (c) Acquired the vessel outside the state, but purchases and

1 displays a valid use permit from a vessel dealer under this section
2 within fourteen days of the date that the vessel is first brought into
3 this state.

4 (2)(a) Subject to the limitations provided in (b) of this
5 subsection, any vessel dealer that makes tax exempt sales under RCW
6 82.08.700 (~~shall~~) must issue use permits under this section. A
7 vessel dealer (~~shall~~) must issue a use permit under this section if
8 the dealer is satisfied that the (~~individual~~) person purchasing the
9 permit is a nonresident. The use permit is valid for twelve
10 consecutive months from the date of issuance. A use permit is not
11 renewable, and (~~an individual~~) a person may only purchase one use
12 permit for a particular vessel. A person who has been issued a use
13 permit under RCW 82.08.700 for a particular vessel may not purchase a
14 use permit under this section for the same vessel after the use permit
15 issued under RCW 82.08.700 expires.

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 (c) All other requirements and conditions, not inconsistent with
30 the provisions of this section, relating to use permits in RCW
31 82.08.700, apply to use permits under this section.

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

35 (3)(a) Except as provided in (b) of this subsection, a nonresident
36 who claims an exemption under this section and who uses a vessel in
37 this state after his or her use permit for that vessel has expired is
38 liable for the tax imposed under RCW 82.12.020 based on the value of

1 the vessel at the time that the vessel was either purchased in this
2 state under circumstances in which the exemption under RCW 82.08.700
3 did not apply or was first brought into this state, as the case may be.
4 Interest at the rate provided in RCW 82.32.050 applies to amounts due
5 under this subsection, retroactively to the date that the vessel was
6 purchased in this state or first brought into the state, and accrues
7 until the full amount of tax due is paid to the department.

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

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

19 (b) Acceptable proof of a nonresident person's status, for a person
20 who is not an individual, such as a limited liability company,
21 corporation, or limited partnership, is the same as provided in RCW
22 82.08.700.

23 NEW SECTION. Sec. 4. This act takes effect July 1, 2014.

24 NEW SECTION. Sec. 5. This act expires July 1, 2017.

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