

Multiple Agency Fiscal Note Summary

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(50,000)	(50,000)	(52,000)	(54,000)	(54,000)	(56,000)	(54,000)	(54,000)	(56,000)
Department of Licensing	0	0	0	0	0	0	1,200	1,200	1,200
Total \$	(50,000)	(50,000)	(52,000)	(54,000)	(54,000)	(56,000)	(52,800)	(52,800)	(54,800)

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	.1	28,400	28,400	28,400	.0	16,200	16,200	16,200	.3	73,100	73,100	73,100
Department of Revenue	.1	31,700	31,700	31,700	.0	0	0	0	.0	0	0	0
Department of Licensing	.0	28,000	28,000	28,000	.0	0	0	0	.0	0	0	0
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.2	88,100	88,100	88,100	0.0	16,200	16,200	16,200	0.3	73,100	73,100	73,100

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Final 4/19/2021
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Individual State Agency Fiscal Note

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits	Agency: 014-Joint Legislative Audit and Review Committee
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1	0.0	0.1	0.0	0.3
Account					
General Fund-State 001-1	20,300	8,100	28,400	16,200	73,100
Total \$	20,300	8,100	28,400	16,200	73,100

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/29/2021
Agency Preparation: Dana Lynn	Phone: 360-786-5177	Date: 03/30/2021
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 03/30/2021
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/30/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill extends and expands current provisions for certain nonresident vessel permits, and extends the due date for JLARC staff to evaluate the tax preference.

TAX PERFORMANCE STATEMENT

Section 5 amends the uncodified language from 2017 c 323 s 303. Section (1) provides detail on the legislative intent. Section (2) is the tax performance statement from 2017, which is unchanged except that the date of JLARC's tax preference review is extended from December 31, 2024, to December 31, 2028.

The tax performance statement categorizes the preference as intended to create and retain jobs as characterized in RCW 82.32.808(2)(c), and one to improve the state's competitiveness with other nearby cruising destinations. The Legislature's specific public policy objective is to increase economic activity and jobs related to the maritime industry by providing a tax preference for large entity-owned nonresident vessels, in order to increase the time period these vessels cruise Washington waters and thus strengthen Washington's maritime economy.

JLARC is to measure the effectiveness of the tax preference by December 31, 2028, by:

- Comparing the gross and taxable revenue generated by businesses that sell and provide maintenance and repair to vessels, before and after enactment of the preference.
- Analyzing sales tax collected from restaurant and service industries in coastal and inlet coastal areas for both counties and cities for periods before and after enactment of the preference.
- Analyzing employment and wage trends for businesses in the first two bullets, both before and after enactment of the preference.
- Providing descriptive statistics for:
 - o The number of permits sold each year.
 - o The cost for each permit by strata of vessel length.
 - o The ownership jurisdiction for nonresident vessels.
 - o The amount of use tax that would have been due based on estimated vessel value.
- Comparing the number of registered entity-owned and individually owned vessels registered in Washington prior to and after the preference was enacted.
- Providing data and analysis for Washington's main cruising destination competitors, specifically looking at tax preferences offered in other jurisdictions, vessel industry income data, and any other relevant information to compare Washington maritime climate with others.

RCW 82.32.808(5), requiring users to file annual performance reports, does not apply to the tax preference.

OTHER PARTS OF BILL

Section 1 amends RCW 88.02.620 regarding nonresident vessel permit requirements to :

- Allow a vessel owner who is a nonresident person to obtain a nonresident vessel permit on or before the 61st day of use in Washington if the vessel:
 - o Is currently registered or numbered under the laws of the state or country of principal operation, has a valid number under federal law, or has a valid U.S. customs service cruising license issued under 19 C.F.R. Sec. 4.94, and
 - o Has been brought into WA for not more than 6 months in any continuous 12-month period and is used:
 - o For personal use, or
 - o For purposes of chartering a vessel with a captain or crew, as long as individual charters are for at least 3 or more consecutive days. The permit also applies for transit times to and from the start or end of the charter, but is not counted toward the duration of the charter.

- Require that no Washington resident can own the vessel or be a principal of the nonresident person that owns the vessel.
- Extend the size of vessels for which a nonresident vessel owner that is not a natural person may obtain a vessel permit to at least 30 feet long but no more than 200 feet long (previously was 165 feet).
- Remove the requirement that a nonresident vessel permit may not be issued after December 31, 2025, to a nonresident that is not a natural person.

Section 2 amends RCW 88.02.640(4) and (5) to remove a limitation for nonresident vessel owners that are not natural persons to obtain no more than two nonresident vessel permits within any 36-month period and add a requirement that vessel owners who obtain a nonresident vessel permit to charter their vessel with a captain or crew are subject to use tax, as detailed in section 6, below.

Section 3 amends RCW 82.32.865 in sections as detailed below to :

- (1) Add that nonresident vessel owners who intend to charter the vessel with captain or crew must apply directly to the Department of Revenue (DOR) to receive written approval to obtain a nonresident vessel permit and clarifies the detail needed in the application.
- (2) Allow that DOR may require additional proof of eligibility directly from the nonresident vessel owner.
- (3) Note that if DOR determines the nonresident vessel owner has established by clear, cogent, and convincing evidence that it is eligible, DOR must provide written approval; remove a November 30, 2025, expiration date for when DOR provides written approval for nonresident vessel permits; and note if such evidence is not provided, DOR must refuse to authorize issuance of the permit.
- (6) A new section is added, requiring that by January 1, 2026, DOR must submit a report to the governor and the transportation and fiscal committees of the Legislature to include :
 - The number of nonresident vessel permits authorized for approval in each calendar year since 9 /01/2015, and the length of those vessels.
 - The number of nonresident vessel permits authorized for approval in each calendar year since the effective date of the section for vessels chartered with a captain or crew.
 - Information on the state or country where the vessels are primarily operated.
 - The amount of use tax collected on the vessels.
 - A discussion of evidence of fraud or attempted fraud related to the permits or permit applications.
 - Any other information DOR determines is relevant.

Section 4 extends expiration dates in 2017 c 323 s 302 (uncodified) from January or July 1, 2026, to January 1, 2029.

Section 6 adds a new section to chapter 82.12 RCW to note that :

- (1) Except as otherwise provided, use tax does not apply to the use of a vessel exempt from registration under RCW 88.02.570(12).
- (2) Use of a vessel exempt from registration under RCW 88.02.570 (12) for chartering with a captain or crew is submit to use tax based on the reasonable bare rental value of the vessel as provided under RCW 82.12.010 (7)(c). This section expires January 1, 2029.

Section 7 notes that sections 1 through 3 expire January 1, 2029.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency , identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources . Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates . Distinguish between one time and ongoing functions .

JLARC staff would contact and work with the Departments of Licensing and Revenue, the Employment Security

Department, Washington's maritime industry, and other appropriate agencies and organizations immediately after passage of the bill to ensure project contacts are established and any other necessary data for JLARC staff's future evaluation needs are identified and collected.

The expenditure detail noted reflects work conducted to prepare for the future review. JLARC staff plan to begin field work in 2026 and present the preliminary and final reports in 2027, to allow time for the Legislature to consider the findings in the 2028 session prior to the preference expiring January 1, 2029. This fiscal note reflects the costs associated with establishing data collection, conducting preliminary research and most of the costs associated with conducting the JLARC review.

This tax preference review may require additional resources. The audit will be conducted and presented to JLARC consistent with the processes used for other tax preference reviews. Based on all tax preference legislation that is passed, JLARC may subsequently determine that it can absorb the costs for this proposed bill in its base budget, if the workload of other enacted tax preference legislation does not exceed current staffing. JLARC will assess all of the tax preference reviews mandated in the 2021 legislative session.

This audit will require an estimated 6 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2021-23 costs are calculated at approximately \$20,300 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	20,300	8,100	28,400	16,200	73,100
Total \$			20,300	8,100	28,400	16,200	73,100

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1		0.1		0.3
A-Salaries and Wages	12,700	5,100	17,800	10,200	45,700
B-Employee Benefits	4,000	1,600	5,600	3,200	14,400
C-Professional Service Contracts					
E-Goods and Other Services	3,300	1,300	4,600	2,600	11,900
G-Travel	300	100	400	200	1,100
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	20,300	8,100	28,400	16,200	73,100

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
Research Analyst	113,827	0.1		0.1		0.2
Support staff	77,705					0.1
Total FTEs		0.1		0.1		0.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
GF-STATE-State 01 - Taxes 10 - Compensating Tax	(23,000)	(27,000)	(50,000)	(54,000)	(54,000)
Performance Audits of Government Account-State 01 - Taxes 10 - Compensating Tax	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)
Total \$	(24,000)	(28,000)	(52,000)	(56,000)	(56,000)

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2		0.1		
Account					
GF-STATE-State 001-1	31,700		31,700		
Total \$	31,700		31,700		

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/29/2021
Agency Preparation: Tyler McLeod	Phone: 360-534-1531	Date: 04/14/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 04/14/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 04/14/2021

Request # 1107-4-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects Senate amendment AMS WM S2335.1 to SHB 1107, 2021 Legislative Session.

CURRENT LAW:

Nonresidents are exempt from vessel registration requirements for the first 60 days of use within 12 continuous months.

Individually Owned Vessels

Nonresident individuals can extend their registration exempt stay if, before the 61st day of use in Washington, they purchase a nonresident vessel permit from the Department of Licensing (DOL). To further extend the registration exemption period, a domestic nonresident individual may renew this permit for another 60 days, but the renewal must be done before the current permit expires. Exempt stays may not exceed 6 months during any continuous 12-month period.

Nonresident individuals are also exempt from registering their vessels (if 30 feet or longer) for a one-year period if they purchase a vessel use permit. The use permit must be purchased at the time of purchase of the vessel or within 14 days of first entering the state with the vessel. RCW 88.02.570(13) and RCW 88.02.620

Entity Owned Vessels

Nonresident entities (corporations, LLCs, etc.) may purchase with pre-approval from the Department of Revenue up to two 60-day nonresident vessel permits from Licensing. The permits allow qualifying vessels to stay up to six months during a consecutive 12-month period. Only two permits are allowed during any 36-month period. A nonresident vessel permit may not be issued after December 31, 2025, to a nonresident vessel owner that is not a natural person.

The requirements for this program are:

- The vessel length is between 30 and 164 feet.
- No Washington resident is a principal of the nonresident entity.
- The nonresident entity vessel owner provides sufficient documentation to verify eligibility for the permit.

Vessels used in non-transitory business activity, such as skippered charters, may be subject to use tax.

COMPARISON OF SHB 1107 (H-0945.1) WITH amendment AMS WM S2335.1:

Amendment AMS WM S2335.1 subjects nonresident skippered charters to use tax on the fair rental value of the bare vessel, clarifies language regarding permits to foreign nonresident vessels, adjusts language around transit to and from destination, changes the expiration year from 2031 to 2029, requires the Department of Revenue to submit a report to the Governor and fiscal committees of the Legislature, and adds that nonresident entities are required to provide clear, cogent, and convincing evidence of their eligibility for a permit.

PROPOSAL:

This proposal increases the maximum qualifying vessel length from 164 feet to 200 feet for the nonresident vessel permit. It also extends the nonresident vessel permit to vessels used exclusively for skippered charters with a duration of at least three days.

The current restriction on issuing nonresident permits to entities that are not natural persons after 2025 in RCW 88.02.620 (3)(d) is eliminated, as is limit of two permits within a 36-month period for entities that are not natural persons in RCW 88.02.640 (5)(c)

This proposal also subjects nonresident skippered charters to use tax on the fair rental value of the bare vessel.

Request # 1107-4-1

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency , identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources . Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived . Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

ASSUMPTIONS:

- Nonresident skippered charters pay an average total of \$40,000 in use tax each year.
- This bill passes effective August 1, 2021, impacting 10 months of collections in Fiscal Year 2022.

DATA SOURCES

- Department of Licensing, Vessel Data
- Department of Revenue, Use Tax Data

REVENUE ESTIMATES

This bill decreases state revenues by an estimated \$24,000 in the 10 months of impacted collections in Fiscal Year 2022, and by \$28,000 in Fiscal Year 2023, the first full year of impacted collections. This bill also decreases local revenues by an estimated \$10,000 in the 10 months of impacted collections in Fiscal Year 2022, and by \$12,000 in Fiscal Year 2023, the first full year of impacted collections. These estimated impacts are a result of the skippered charters' portion of this bill.

Nonresident vessels between 165 and 200 feet were not located within the vessel data from Department of Licensing or Department of Revenue. However, if a vessel of this size, that would have otherwise paid use tax under current law, were to utilize the expansion of this program it would represent a decrease in state and local revenues. For example, a 170-foot yacht with a value of \$25 million could represent a decrease in state revenues of \$1.6 million and local revenues of \$700,000.

The impact of applying use tax on the fair rental value of the bare vessel for nonresident skippered charters is indeterminate, due to a lack of data, but is likely minimal.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2022 -	(\$ 24)
FY 2023 -	(\$ 28)
FY 2024 -	(\$ 28)
FY 2025 -	(\$ 28)
FY 2026 -	(\$ 28)
FY 2027 -	(\$ 28)

LOCAL GOVERNMENT IMPACT:

Local Government, if applicable (cash basis, \$000):

FY 2022 -	(\$ 10)
FY 2023 -	(\$ 12)
FY 2024 -	(\$ 12)
FY 2025 -	(\$ 12)
FY 2026 -	(\$ 12)
FY 2027 -	(\$ 12)

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived . Explain how workload assumptions translate into cost estimates . Distinguish between one time and ongoing

ASSUMPTIONS:

This legislation will affect a small, but unknown number of taxpayers.

FIRST YEAR COSTS:

The Department will incur total costs of \$31,700 in Fiscal Year 2022. These costs include :

Labor Costs - Time and effort equates to 0.17 FTE.

- Test and verify computer systems to revise wording and business rules on applications, returns and MyDOR.
- Create a Special Notice and identify publications and information that need to be created or updated on the Department's website.
- Respond to letter ruling requests, email inquiries, and more difficult call backs from the telephone information center.
- Amend one administrative rule.

Object Costs - \$17,600.

- Contract computer system programming.

SECOND YEAR COSTS:

The Department will not incur any costs in Fiscal Year 2023.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	8,700		8,700		
B-Employee Benefits	3,100		3,100		
C-Professional Service Contracts	17,600		17,600		
E-Goods and Other Services	1,400		1,400		
J-Capital Outlays	900		900		
Total \$	\$31,700		\$31,700		

III. B - Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
EMS BAND 4	119,061	0.0		0.0		
MGMT ANALYST4	70,956	0.0		0.0		
TAX INFO SPEC 4	64,332	0.1		0.1		
TAX POLICY SP 2	72,756	0.0		0.0		
TAX POLICY SP 3	82,344	0.0		0.0		
TAX POLICY SP 4	88,644	0.0		0.0		
WMS BAND 3	101,257	0.0		0.0		
Total FTEs		0.2		0.1		

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III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules .

Should this legislation become law, the Department will use the expedited rule-making process to amend WAC 458-20-238, titled: “Sales of watercraft to nonresidents-Use of watercraft in Washington by nonresidents.” Persons affected by this rule making would include person who need or have a nonresident vessel permit.

Individual State Agency Fiscal Note

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits	Agency: 240-Department of Licensing
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
General Fund-State 001-1					1,200
Total \$					1,200

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
General Fund-State 001-1	28,000	0	28,000	0	0
Total \$	28,000	0	28,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/29/2021
Agency Preparation: Merdan Bazarov	Phone: 360-902-3795	Date: 03/31/2021
Agency Approval: Kristin Bettridge	Phone: 360-902-3644	Date: 03/31/2021
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/31/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill expands certain nonresident vessel permit provisions; including the length of a vessel from 164 feet to 200 feet in length.

1107 SHB AMS WM S2335.1 compared to SHB 1107: 1107 SHB AMS WM S2335.1 clarifies that nonresident vessel permits are available to vessels from outside the country, modifies that qualifying charter vessels owned by natural persons to the same requirements as entity-owned vessels, and moves the expiration date to January 1, 2029, instead of 2031. Additionally it changes the reporting requirements and due dates for the Department of Revenue and the Joint Legislative Audit and Review Committee evaluation. These changes do not change the previous assumptions for the Department of Licensing (DOL).

Section 1 amends RCW 88.02.620 to change the requirements for vessel owners to obtain a nonresident vessel permit on the 61st day of use if:

Section 1(1) is currently registered out of state or out of country ;

Section 1(1)(b) has been brought into the state for not more than six months in a 12 month period and is used :

Section 1(1)(b)(i) for personal use; or

Section 1(1)(b)(ii) for the purposes of chartering a vessel with a captain or crew, as long as individual charters are for at least three or more consecutive days in duration.

Section 1(2)(a) the vessel is at least 30 feet in length, but no more than 200 feet in length (changed from 164 feet).

Section 1(3)(d) removes the provision that a nonresident vessel owner that is not a natural person, couldn't be issued a permit after December 31, 2025.

Section 1(6) clarifies that a "nonresident vessel owner that is not a natural person" includes an owner or entity chartering a vessel with a captain or crew, as long as individual charters are for at least three or more consecutive days in duration, not including any transit time necessary to reach the charter starting location or from the charter ending location.

Section 2 amends RCW 88.02.640 to modify the length requirements, per section 1 of this act and remove the provision that a nonresident vessel owner that is not a natural person may not obtain more than two nonresident vessel permits under RCW 88.02.620 within any 36 month period.

Section 3 amends RCW 82.32.865 to modify the requirements for proof of residency and proof of identity for applicants, removes that the department may not provide written approval for permits after November 30, 2025, and requires the Department (DOR) to submit a report by January 1, 2026 to the Governor and transportation and fiscal committees of the legislature with information about vessels that have applied to the Department for authorization to be granted a permit.

Section 4 amends 2017 c 323 s 302 (uncodified) to read as:

Section 4(1) sections 802 and 804, chapter 6, Laws of 2015 3rd sp. sess. expire January 1, 2029 ;

Section 4(2) Section 803, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2029; and

Section 4(3) Section 805, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2031.

Section 5 amends 2017 c 323 s 303 (uncodified) to read as:

Section 5(2)(d) to measure the effectiveness of the tax preference provided in part VIII, chapter 6, Laws of 2015 3rd sp. sess. in achieving the public policy objective in (c) of this subsection, the joint legislative audit and review committee must provide the following in a published evaluation of this tax preference by December 31, 2030.

Section 6 creates a new section in Chapter 82.12 RCW to state that this chapter does not apply to the use of a vessel exempt from registration under RCW 88.02.570(12) and that exempt vessels are still subject to use tax based on the rental value of the vessel. This section expires January 1, 2029.

Section 7 sections 1 through 3 of this act expire January 1, 2029.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency , identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources . Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates . Distinguish between one time and ongoing functions .

Section 1(2) of this bill would increase the maximum length of a vessel which could receive a non-resident permit. The added vessels account for less than 0.1% of the fleet revenue for this section is indeterminate though expected to be minor.

Section 1(3) of this bill would extend the period for which the non-resident permits could be issued to vessel owners that are not natural persons. This change is expected to impact four transactions per year with an average transactions value of \$200 per transaction beginning in the second half of FY 2026.

Section 2 of this bill would remove the limit of the two non-resident permits per year for not natural persons. It is not known how many additional non-resident vessel permits may be requested under this provision however the impact is expected to be minimal.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates . Distinguish between one time and ongoing functions .

Expenditure impact is related to DOL technology system updates.

DOL will implement the following changes to DRIVES :

1. Modification in DRIVES to change the vessel max length of the non-resident vessel out of state permit from 164 feet to 200 feet.
2. Modify end date for the non-resident vessel out of state permit from 12/31/2025 to 12/31/2029.
3. Remove the maximum limit of permits issued in a year for the non-resident vessel out of state permits.

Information Services:

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers

who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Please see attachment 1 for information services contractor costs.

Support Services:

Agency Administrative Overhead is included at a rate of 26 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	28,000	0	28,000	0	0
Total \$			28,000	0	28,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages	4,000		4,000		
B-Employee Benefits	1,000		1,000		
C-Professional Service Contracts					
E-Goods and Other Services	23,000		23,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	28,000	0	28,000	0	0

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part I and Part IIIA

NONE

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Mgmt & Support Services (100)	3,000		3,000		
Information Services (200)	25,000		25,000		
Total \$	28,000		28,000		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Attachment 1 – 1107 SHB AMS WM S2335.1 – Information Services Contractor Costs

Cost Category	Description	Rate	2022	2023	2024	2025	2026	2027	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	4,500	-	-	-	-	-	4,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	1,700	-	-	-	-	-	1,700
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	2,900	-	-	-	-	-	2,900
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	1,700	-	-	-	-	-	1,700
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 34,800	7,000	-	-	-	-	-	7,000
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	2,300	-	-	-	-	-	2,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,230	2,000	-	-	-	-	-	2,000
Totals			22,100	-	-	-	-	-	22,100

Individual State Agency Fiscal Note

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits	Agency: 405-Department of Transportation
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Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact . Factors impacting the precision of these estimates , and alternate ranges (if appropriate) , are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia , complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/29/2021
Agency Preparation: Lizbeth Martin-Mahar	Phone: 360-705-7942	Date: 03/31/2021
Agency Approval: Amber Coulson	Phone: 360-705-7525	Date: 03/31/2021
OFM Review: Jenna Forty	Phone: (564) 999-1671	Date: 03/31/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached WSDOT fiscal note.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1107 SHB AMS WM S2335.1	Title: Expanding certain nonresident vessel permit provisions	Agency: 405-Department of Transportation
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Part I: Estimates

Check applicable boxes and follow corresponding instructions, use the fiscal template table provided to show fiscal impact by account, object, and program (if necessary), **add rows if needed**. If no fiscal impact, check the box below, skip fiscal template table, and go to Part II to explain briefly, why the program believes there will be no fiscal impact to the department.

☒ No Fiscal Impact (Explain in section II. A)

If a fiscal note is assigned to our agency, someone believes there might be, and we need to address that, showing why there is no impact to the department.

☐ Indeterminate Cash Receipts Impact (Explain in section II. B)

☐ Indeterminate Expenditure Impact (Explain in section II. C)

☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**

☐ Capital budget impact, **complete Part IV**

☐ Requires new rule making, **complete Part V**

☐ Revised

The cash receipts and expenditure estimates on this fiscal template represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Agency Assumptions

N/A

Agency Contacts:

Preparer: Lizbeth Marth-Maher	Phone: 360-705-7942	Date: 3/30/21
Approval: Amber Coulson	Phone: 360-742-7534	Date:
Budget Manager: Stacey Halverstadt	Phone: 360-705-7544	Date: 3/30/21
Economic Analysis: Lizbeth Martin-Mahar	Phone: 360 705-7942	Date: 3/30/21

Individual State Agency Fiscal Note

Part II: Narrative Explanation

II. A - Brief description of what the measure does that has fiscal impact

Briefly describe by section number (sections that will change WSDOT costs or revenue), the significant provisions of the bill, and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency. List the sections that have fiscal impact to WSDOT only. E.g., "Section 3 directs the Department to ..." No summarizing, no interpreting, and save any background context for the revenue and expenditure parts.

Compared to the substitute bill, the striker amendment makes the following changes: It clarifies that nonresident vessel permits are available to vessels from outside the country, if they have a valid cruising license issued by United States Customs. It allows for a qualifying charter transit to and from under the nonresident vessel permit, but that transit time does not count toward the duration of the charter. It subjects qualifying charter vessels owned by natural persons to the same requirements as entity-owned vessels. It removes a subsection that expanded the definition of "nonresident vessel owner that is not a natural person." It subjects vessels with nonresident vessel permits that are chartered with a captain or crew to use tax based on the fair rental value of the bare vessel being chartered. It requires that nonresident entities provide clear, cogent, and convincing evidence that they are eligible to receive a permit. It changes the expiration of the act to January 1, 2029, instead of 2031. It requires the Department of Revenue to submit a report to the Governor and fiscal committees of the Legislature by January 1, 2026, with information about vessels that have applied to the Department for authorization to be granted a permit. Finally, it changes from December 31, 2030, to December 31, 2028, the due date for the Joint Legislative Audit and Review Committee evaluation. The changes in language in the striker amendment does not affect the fiscal impact to the department.

This bill has no cash receipts or fiscal impacts to the Washington State Department of Transportation (WSDOT). This bill allows larger vessels to receive a non-resident owner permit under certain conditions.

II. B - Cash receipts Impact

Contact [BFA-Economics](#) to share your assumptions, and calculations. BFA-Economics will review and confirm cash receipts assumptions and calculations with program SMEs and will provide the cash receipts narrative to ensure that the message is consistent and the narrative flows as one voice of the department. BFA-Economics will briefly describe section by section and quantify the cash receipts impact of the legislation on WSDOT, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources.

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill has no expenditure impacts to WSDOT.

Part III: Expenditure Detail

III. A - Expenditures by Object or Purpose

N/A

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

N/A

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

N/A



Ten Year Analysis

Bill Number: 1107 SHB AMS WM S2335.1	Title: Expanding certain nonresident vessel permit provisions	Agency: 405 Washington State Department of Transportation
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Ten-year analyses are to be completed by the WSDOT BFA-Economics Office and are limited to agency-estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ No Cash Receipts ☐ Partially Indeterminate Cash Receipts ☐ Indeterminate Cash Receipts

Name of Tax or Fee	Account Code and Title	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total 2019-29
	Choose an item.		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Totals			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Narrative Explanation (Required for all Taxes and/or Fees including "Indeterminate," "Partially Indeterminate," or "No Cash Receipts.")

Brief Description of What the Measure does that has I-960 Implications

Briefly describe by section number, the provisions of the bill that make it subject to the requirements of I-960.

Compared to the substitute bill, the striker amendment makes the following changes: It clarifies that nonresident vessel permits are available to vessels from outside the country, if they have a valid cruising license issued by United States Customs. It allows for a qualifying charter transit to and from under the nonresident vessel permit, but that transit time does not count toward the duration of the charter. It subjects qualifying charter vessels owned by natural persons to the same requirements as entity-owned vessels. It removes a subsection that expanded the definition of "nonresident vessel owner that is not a natural person." It subjects vessels with nonresident vessel permits that are chartered with a captain or crew to use tax based on the fair rental value of the bare vessel being chartered. It requires that nonresident entities provide clear, cogent, and convincing evidence that they are eligible to receive a permit. It changes the expiration of the act to January 1, 2029, instead of 2031. It requires the Department of Revenue to submit a report to the Governor and fiscal committees of the Legislature by January 1, 2026, with information about vessels that have applied to the Department for authorization to be granted a permit. Finally, it changes from December 31, 2030, to December 31, 2028, the due date for the Joint Legislative Audit and Review Committee evaluation. The changes in language in the striker amendment does not affect the fiscal impact to the department.

Cash Receipts Impact

Briefly describe and quantify the cash receipts impact to the legislation on the responding agency, including rates, assumptions, and an explanation if the cash receipts are indeterminate.

This bill has no cash receipts or fiscal impacts to the Washington State Department of Transportation (WSDOT). This bill allows larger vessels to receive a non-resident owner permit under certain conditions. DOL will report any fiscal impacts to this vessel permit fee.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1107 S HB AMS WM S2335.1	Title: Nonresident vessel permits
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Decreased tax revenue from applying use tax on the fair rental value of the bare vessel for nonresident vessel charters.
- ☒ Counties: Same as above.
- ☒ Special Districts: Same as above.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Number of vessels with nonresident vessel permits that are chartered with a captain or crew; the fair rental value of the bare vessel being chartered for the basis of the valuation of the applicable use tax .

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 04/19/2021
Leg. Committee Contact:	Phone:	Date: 03/29/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 04/19/2021
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/19/2021

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government .

SUMMARY OF CURRENT BILL:

This legislation expands the authorization that allows an entity other than a person (corporations, LLCs, etc.) to obtain nonresident vessel permits. Those eligible for nonresident vessel permits may include an owner or entity chartering a vessel with a captain or crew , so long as individual charters are for three or more days . Qualifying vessel lengths for nonresident vessel permits are extended from 30 to 164 feet , to 30 to 200 feet. This act authorizes a vessel that has a nonresident vessel permit issued to it , to be subject to the State use tax. The expiration date of this act is extended from July 1 , 2026 to January 1, 2029.

Sec. 1 amends RCW 88.02.620 (Vessel Registration, Nonresident Vessel Permit)

(1)(a) Clarifies that nonresident vessel permits are available to vessels from outside the country , as long as they have a valid cruising license issued by United States Customs .

(1)(b)(ii) Allows for a qualifying charter transit to and from under the nonresident vessel permit , but that transit time does not count toward the duration of the charter .

(2) Subjects qualifying charter vessels owned by natural persons to the same requirements as entity-owned vessels .

(7) Removes a prior subsection that expanded the definition of "nonresident vessel owner that is not a natural person."

Sec. 2 amends RCW 88.02.640 (Vessel Registration, Fees by Type-Disposition, Distribution)

(5)(c) Vessels with nonresident vessel permits that are chartered with a captain or crew are subject to a use tax based on the fair rental value of the bare vessel being chartered .

Sec. 3 amends RCW 82.32.865 (Excise Taxes, General Administrative Provisions, Nonresidential Vessel Permit)

(1) A nonresident vessel owner who intends to charter a vessel with a captain or crew must apply directly to the Department of Revenue for written approval to obtain a nonresident vessel permit .

(3)(a) Requires that nonresident entities provide clear , cogent, and convincing evidence that they are eligible to receive a permit .

Sec. 6 is a new section which adds a chapter to RCW 82.12 (Use Tax)

(1) The provisions of this chapter do not apply to the use of a vessel exempt from registration under RCW 88 .02.570(12).

(2) The use of a vessel exempt from registration under RCW 88.02.570(12) for chartering with a captain or crew is subject to the tax imposed in RCW 82.12.020 based on the reasonable bare rental value of the vessel .

(3) This section expires on January 1, 2029.

Sec. 7 is a new section which expires Sec. 1 through Sec. 3 of the act on January 1, 2029.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments , identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

There are no anticipated local government expenditures as a result of this legislation.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments , identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The impact of applying use tax on the fair rental value of the bare vessel for nonresident skippered charters is indeterminate , due to a lack of data, but is likely minimal. The Department of Revenue (DOR), in their fiscal note for S HB1107, estimate that this legislation may have a total tax revenue decrease of \$70,000 between FY2022 and FY2027 for local governments .

DEPARTMENT OF REVENUE ASSUMPTIONS:

- Nonresident skippered charters pay an average total of \$40,000 in use tax each year .
- This bill passes effective August 1 , 2021, impacting 10 months of collections in Fiscal Year 2022 .

DATA SOURCES

- Department of Licensing, Vessel Data
- Department of Revenue, Use Tax Data

REVENUE ESTIMATES

This bill decreases local revenues by an estimated \$10,000 in the 10 months of impacted collections in Fiscal Year 2022 , and by \$12,000 in Fiscal Year 2023, the first full year of impacted collections . These estimated impacts are a result of the skippered charters' portion of this bill.

LOCAL GOVERNMENT IMPACT (cash basis):

FY 2022 - (\$9,990.00)
FY 2023 - (\$11,880.00)
FY 2024 - (\$11,880.00)
FY 2025 - (\$11,880.00)
FY 2026 - (\$11,880.00)
FY 2027 - (\$11,880.00)
Total: (\$69,300.00)

Counties

FY 2022 - (\$3,485.94)
FY 2023 - (\$4,183.13)
FY 2024 - (\$4,183.13)
FY 2025 - (\$4,183.13)
FY 2026 - (\$4,183.13)
FY 2027 - (\$4,183.13)
Total: (\$24,401.60)

Cities

FY 2022 - (\$2,972.44)
FY 2023 - (\$3,566.93)
FY 2024 - (\$3,566.93)
FY 2025 - (\$3,566.93)
FY 2026 - (\$3,566.93)
FY 2027 - (\$3,566.93)
Total: (\$20,807.11)

Special Districts

FY 2022 - (\$3,441.61)
FY 2023 - (\$4,129.94)
FY 2024 - (\$4,129.94)
FY 2025 - (\$4,129.94)
FY 2026 - (\$4,129.94)
FY 2027 - (\$4,129.94)
Total: (\$24,091.29)

LOCAL GOVERNMENT FISCAL NOTE PROGRAM METHODOLOGY:

The distributions in this note for cities, counties, and special districts are based on DOR data for local sales and use tax distributions from Calendar Year 2019. Mitigation payments and distributions to hospital benefit zones are not factored into this distribution . The result is a distribution of 35.21 percent to counties, 30.02 percent to cities, and 34.76 percent to special districts. The one percent DOR administrative fee has also been deducted.

SOURCES:

House Bill Analysis, HB 1107 (2021)
Department of Revenue, Fiscal Note S HB 1107 (2021)
Department of Revenue Local Tax Distributions (2019)
Local Government Fiscal Note Program, Sales and Use Tax Distributions Model (2021)
Senate Bill Report, S HB 1107 (2021)