

Multiple Agency Fiscal Note Summary

Bill Number: 1906 S HB	Title: Vessel length/nonresident
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.1	15,500	15,500	15,500	.0	0	0	0	.0	0	0	0
Department of Licensing	.0	25,000	25,000	25,000	.0	0	0	0	.0	0	0	0
Total \$	0.1	40,500	40,500	40,500	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.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

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Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Final 1/29/2024
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Department of Revenue Fiscal Note

Bill Number: 1906 S HB	Title: Vessel length/nonresident	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1		
Account					
GF-STATE-State 001-1	11,700	3,800	15,500		
Total \$	11,700	3,800	15,500		

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: Michael Hirsch	Phone: 60-786-7195	Date: 01/22/2024
Agency Preparation: Frank Wilson	Phone: 60-534-1527	Date: 01/29/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/29/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/29/2024

Request # 1906-2-1

Part II: Narrative Explanation

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

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

Note: This fiscal note reflects language in SHB 1906, 2024 Legislative Session.

COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

The substitute bill adds a fee of \$42 per foot for a nonresident vessel permit for vessels between 201 and 300 feet to the current vessel fee schedule.

CURRENT LAW

To operate a vessel on Washington's waterways, a nonresident owner must first obtain a nonresident vessel permit, subject to specific restrictions. The owner must apply for a permit on or before the 61st day of the visit to stay in the state for an additional 60 days if they intend to operate the vessel on Washington waters for a period longer than 60 days without owing use tax.

Permits apply to vessels between 30 and 200 feet.

Nonresident skippered charters owe use tax on the fair bare-boat rental value during their stay in Washington waters.

Vessels can operate in Washington with a permit for a maximum of six months out of 12 months. The permit allows for:

- Personal use.
- Skippered charters to include transit to and from a charter.

PROPOSAL

This proposal increases the maximum qualifying vessel length for skippered charter vessels and vessels owned by non-natural persons from 200 to 300 feet for the nonresident vessel permit, which expires on January 1, 2029. The change does not apply to natural persons acquiring permits for personal use.

The proposal adds a fee of \$42 per foot for a nonresident vessel permit for vessels between 201 and 300 feet to the current vessel fee schedule.

EFFECTIVE DATE

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS

- Based on the Department of Revenue (department) and Department of Licensing data, we could not identify vessels between 201 and 300 feet paying use tax under current law.
- If this legislation passes and nonresident vessels between 201 and 300 feet enter Washington waters, negative revenue impacts could occur. However, current data does not indicate that there will be a revenue impact.

DATA SOURCES

- Department of Revenue, Use tax data
- Department of Licensing, Vessel data

REVENUE ESTIMATES

This legislation results in no revenue impact on taxes administered by the department.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

This proposal will impact at least one taxpayer.

FIRST YEAR COSTS:

The department will incur total costs of \$11,700 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.09 FTE.

- Create a Special Notice and update or create publications and information on the department's website.

Object Costs - \$900.

- Computer system changes, including contract programming.

SECOND YEAR COSTS:

The department will incur total costs of \$3,800 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.07 FTE.

- Amend one administrative rule.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

Table with 6 columns: Object Category, FY 2024, FY 2025, 2023-25, 2025-27, 2027-29. Rows include FTE Staff Years, A-Salaries and Wages, B-Employee Benefits, C-Professional Service Contracts, E-Goods and Other Services, J-Capital Outlays, and Total \$.

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

Table with 7 columns: Job Classification, Salary, FY 2024, FY 2025, 2023-25, 2025-27, 2027-29. Rows include EMS BAND 4, MGMT ANALYST4, TAX POLICY SP 2, TAX POLICY SP 3, TAX POLICY SP 4, WMS BAND 2, WMS BAND 3, and Total FTEs.

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Provisions of the bill 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 process to amend WAC 458-20-238, titled: "Sales of Watercraft to nonresidents - Use of watercraft in Washington by nonresidents." Persons affected by this rulemaking would include nonresident vessel owners.

Individual State Agency Fiscal Note

Bill Number: 1906 S HB	Title: Vessel length/nonresident	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	0	25,000	25,000	0	0
Total \$	0	25,000	25,000	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:

- 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: Michael Hirsch	Phone: 360-786-7195	Date: 01/22/2024
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 01/24/2024
Agency Approval: Collin Ashley	Phone: (564) 669-9190	Date: 01/24/2024
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/25/2024

Part II: Narrative Explanation

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

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

Changes from HB 1906 to SHB 1906:

The substitute version of this bill introduces a new fee of \$42.00 per foot for vessels between 201-300 feet in length. Additionally, both section 1 and section 2 of this bill now expire on January 1, 2029. Previously only section 1 expired on January 1, 2029.

NEW DESCRIPTION

Section 2 – Amends RCW 88.02.640

- Vessels between 201 and 300 feet in length must pay a permit fee of \$42.00 per foot.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Please see attached Fiscal Note.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see attached Fiscal Note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	25,000	25,000	0	0
Total \$			0	25,000	25,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		25,000	25,000		
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 \$	0	25,000	25,000	0	0

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SHB 1906

Bill Title: Vessel Length Nonresident

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

Indeterminate cash receipts, please see narrative.

Estimated Expenditures:

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
General Fund	001	-	25,000	25,000	-	-
Account Totals		-	25,000	25,000	-	-

The revenue 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 the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- 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.

Legislative Contact:	Phone: (360)	Date:
Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 01/24/2024
Agency Approval: Collin Ashley	Phone: (360) 902-3931	Date: 01/24/2024

Request #	1
Bill #	1906 SHB

Part 2 – Explanation

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Changes from HB 1906 to SHB 1906:

The substitute version of this bill introduces a new fee of \$42.00 per foot for vessels between 201-300 feet in length. Additionally, both section 1 and section 2 of this bill now expire on January 1, 2029. Previously only section 1 expired on January 1, 2029.

NEW DESCRIPTION

Section 2 – Amends RCW 88.02.640

- Vessels between 201 and 300 feet in length must pay a permit fee of \$42.00 per foot.

Section 3 – Amends RCW 88.02.640 and RCW 88.02.620

- Sections 1 and 2 of this act expire January 1, 2029.

2.B - Cash receipts Impact

Department of Licensing (DOL) cash receipts are an indeterminate increase but expected to be minimal. Section 2 of this substitute bill adds a fee of \$42.00 per foot for vessels that are between 201 feet to 300 feet in length. There is no data available for out-of-state vessel length that are within the scope of 201 feet to 300 feet in length, although this is a new fee, DOL could not estimate the impact.

2.C – Expenditures

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.

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 27,144	-	5,400	-	-	-	-	5,400
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 19,836	-	2,000	-	-	-	-	2,000
PROJECT MANAGER	Manage schedule and contracts	\$ 34,452	-	3,400	-	-	-	-	3,400
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.	\$ 19,836	-	2,000	-	-	-	-	2,000
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.	\$ 37,236	-	7,400	-	-	-	-	7,400
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	-	2,700	-	-	-	-	2,700
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 29,824	-	2,300	-	-	-	-	2,300
Totals			-	25,200	-	-	-	-	25,200

What DOL Will Implement:

1. Create a new out of state permit vessel max length, for a non-resident vessel owner that is not a natural person, 201ft to 300ft.
2. Create a new fee calculation of \$42.00 per foot for vessels between 201 and 300 feet in length.
3. Add an end date of 12/31/2029.

Assumptions:

1. Must continue to distinguish vessel permits issued to non-resident natural person and permits issued to a non-resident vessel owner that is not a natural person.
2. Will continue to use current reports - Non Washington Vessel Permit; no changes needed.
3. No change for \$25.00 for 30 - 90 ft; \$30.00 for 100 - 120 ft; \$37.50 for 121 - 200 ft.
4. Distribution is not changing.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
General Fund	001	-	25,000	25,000	-	-
Account Totals		-	25,000	25,000	-	-

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	-	25,000	25,000	-	-
Total By Object Type	-	25,000	25,000	-	-

3.C – FTE Detail

None.

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

None.



Multiple Agency Ten-Year Analysis Summary

Bill Number 1906 S HB	Title Vessel length/nonresident
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Department of Revenue Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Department of Licensing Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 1906 S HB	Title Vessel length/nonresident	Agency 140 Department of Revenue
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This ten-year analysis is 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

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

CURRENT LAW

To operate a vessel on Washington's waterways, a nonresident owner must first obtain a nonresident vessel permit, subject to specific restrictions. The owner must apply a permit on or before the 61st day of the visit to stay in the state for an additional 60 days if they intend to operate the vessel on Washington waters for a period longer than 60 days without owing use tax.

Permits apply to vessels between 30 and 200 feet.

Nonresident skippered charters owe use tax during their stay in Washington waters on the fair bare-boat rental value.

Vessels can operate in Washington with a permit for a maximum of six months out of a 12-month period. The permit allows for:

- Personal use.
- Skippered charters, to include transit to and from a charter.

PROPOSAL

This proposal increases the maximum qualifying vessel length for skippered charter vessels and vessels owned by non-natural persons from 200 to 300 feet for the nonresident vessel permit, which expires on January 1, 2029. The change does not apply to natural persons acquiring permits for personal use.



Ten-Year Analysis

Bill Number	Title	Agency
1906 S HB	Vessel length/nonresident	140 Department of Revenue

This ten-year analysis is 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>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

<p>The proposal adds a fee of \$42 per foot for a nonresident vessel permit for vessels between 201 and 300 feet to the current vessel fee schedule.</p> <p>EFFECTIVE DATE The bill takes effect 90 days after final adjournment of the session.</p> <p>ASSUMPTIONS - Based on Department of Revenue (department) and Department of Licensing data, we were unable to identify vessels between 200 and 300 feet that are paying use tax under current law. - If this legislation passes and nonresident vessels between 200 and 300 feet enter Washington waters, there could be a negative impact to revenues. However, current data does not indicate that there will be a revenue impact.</p> <p>DATA SOURCES - Department of Revenue, Use tax data - Department of Licensing, Vessel data</p> <p>REVENUE ESTIMATES This legislation results in no revenue impact to taxes administered by the department.</p>

Agency Preparation: Frank Wilson	Phone: 360-534-1527	Date: 1/29/2024 11:42:18 am
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/29/2024 11:42:18 am
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 1/29/2024 3:31:34 pm



Ten-Year Analysis

Bill Number 1906 S HB	Title Vessel length/nonresident	Agency 240 Department of Licensing
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This ten-year analysis is 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

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Indeterminate (+) - This bill amends RCW 88.02.620 Sec. 2(a) modifying the vessel length requirement for nonresident vessel permits, from no more than 200 feet in length to 300 feet. This will increase the number of vessels that are required to obtain a nonresident vessel permit. However, it is unknown how many more vessels there will be. There is no information available for nonresident vessels to determine how many exist that are greater than 200 feet in length but no more than 300 feet in length with which to base a revenue estimate since these vessels are registered outside of Washington. This substitute Bill adds \$42/ft fee for out-of-state vessels. The increase in revenue collections by DOL is anticipated to be minimal and less than \$5,000.

Agency Preparation: Aaron Harris	Phone: (360) 902-3795	Date: 1/24/2024 1:09:54 pm
Agency Approval: Collin Ashley	Phone: (564) 669-9190	Date: 1/24/2024 1:09:54 pm
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 1/29/2024 3:31:34 pm