



The Maritime Economic Opportunity Act ([HB 1107](#))

Background:

Washington State has a significant opportunity to increase economic activity in Washington communities by increasing chartering of vessels in Puget Sound. Despite Washington State having a marine environment attractive to visitors and conducive to chartering, this economic activity is severely limited due to Washington's vessel permitting and tax structure. Unfortunately, chartering of larger vessels and all the associated economic activity moves to Alaska and other regions of the United States instead of staying in Washington waters.

Today, a vessel owner (out of state or foreign) wishing to charter their vessel in Washington waters, and provide the skipper and crew (which is standard operating procedure), must pay use tax of (roughly) 10% of the value of the boat. Accordingly, Washington State sees little, if any, chartering activity because of the extraordinary tax implications.

By making modest changes to Washington's Marine Tourism Program, enacted in 2016, there is an opportunity to create economic activity in both urban and rural communities when a chartered vessel vacations in Washington waters.

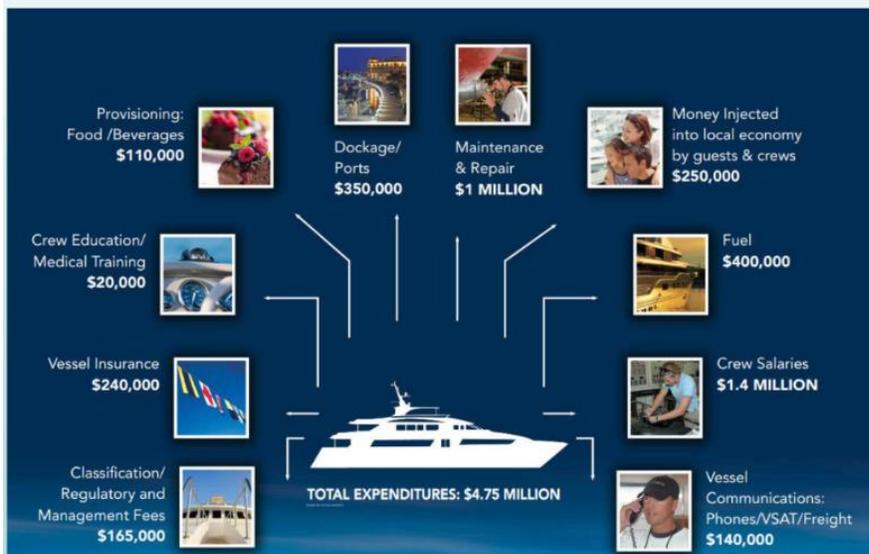
Benefits:

When these vessels call on Washington ports for fuel and provisions, they inject substantial amounts of money into local communities. For example, when the Attessa IV called on the Port of Port Angeles for 48 hours in June 2020, the vessel purchased over \$100,000 of fuel, provisions, supplies, and services.

Additionally, these vessels require regular maintenance, upkeep, and repair services. The rule of thumb is that a vessel spends about 10 percent of their value each year on maintenance, repair, and provisioning. Washington’s marine repair and maintenance businesses are well equipped for this work.

Washington State has spectacular marine tourism opportunities. Vessels are calling on Washington State ports as they transit to or from Canada and Alaska. A change in Washington’s marine permitting system will help precipitate vessels and visitors spending time in Washington waters, and bring important new economic value to Puget Sound

55 Meter Yacht Average Annual Expenses



Making these changes address economic development, equity lens and COVID-19 relief

- **Economic development:** Job growth and injection of dollars into local (predominantly rural) economies for fuel, provisions, supplies and services to support chartered vessels
- **Equity Lens:** Increased work for Washington’s marine repair and service facilities. These careers are

predominantly staffed by people who have not attended a four-year institution. These are highly-skilled, vocational trades, many of which are served by Core Plus, which was funded by the Legislature in 2019.

- **COVID-19 relief:** Injection of dollars into local economies for fuel, provisions, supplies and services to support chartered vessels.
- Increased sales and B&O tax collections from maintenance and repair contracts at Washington’s marine repair and service businesses
- Increased state and local sales tax collection of 8-10% on the value of charter vacations in Washington state.
- Increased state and local tax collections of 8-10% for purchase of fuel, provisions, supplies and services by vessels.
- Increased B&O tax collections from vacation operators
- Increased revenue to the state when visiting cruising permits are purchased.