

Historic Ships and Vessels

2023 JLARC TAX PREFERENCE REVIEW

Estimated 2025-27 beneficiary savings: \$22,000

Property Tax

Applicable statute: RCW 84.36.080(2)

Expiration date: None

This preference exempts ships or vessels that are listed on state or national historic registers from paying commercial vessel tax, a type of property tax.

Owners of eleven historic vessels saved an estimated \$21,000 in 2023

11

JLARC staff identified 11 vessels that benefit from the preference. The vessels are in five cities throughout Puget Sound.

9

Nine are owned by nonprofit 501(c)(3) organizations.

2

Two are owned by corporations.

Unclear if the preference achieves inferred objective to keep vessels in Washington

The preference was enacted in 1986 without a stated objective. JLARC staff infer the objective is to encourage owners of historic ships and vessels to keep their vessels in Washington.

Largest beneficiary vessel is moving to CA after restoration work is completed in WA.



5 of the 11 beneficiaries could claim a different property tax exemption because they are part of historic museum exhibits.

In addition to 11 beneficiaries, there are 15 commercial vessels on state and national historic registers that are not currently using this preference. These vessels have been deconstructed, relocated, or are otherwise ineligible for the preference.

Beneficiaries and stakeholders identify education, tourism, economic benefits to the state

- Opportunities to learn about Washington maritime history.
- Opportunities to view, tour, or sail on historic vessels.
- Educational opportunities for school groups and youth from historically disadvantaged communities.
- Ongoing work for Washington's shipbuilding and repair industry.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Clarify

The Legislature should clarify the preference's public policy objective and identify metrics to measure if the objective has been achieved.

Depending on the objective, metrics might include maintaining the number of historic vessels in state as of a certain date, increasing the number of historic vessels on national or state registers, or increasing educational opportunities.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc
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