

## **Historical Tax Law Changes Watercraft License Tax**

**Laws 1966, Chapter 116** established the Watercraft License Tax. Non-powered watercraft were exempt from the tax if they were 12 feet or less in length and were not used for commercial purposes. The tax was levied at a rate of 25 cents per foot of length (or fraction of a foot) up to and including 18 feet. For each foot of length (or fraction of a foot) over 18 feet, the tax was 50 cents per foot. The tax was collected annually by the Motor Vehicle Division. Proceeds were deposited in the State Lake Improvement Fund. (The provisions of this act did not become effective until the Constitution was amended in the special election of November 8, 1966.)

**NOTE:** An amendment to the Constitution approved by the voters on November 8, 1966, repealed the General Property Tax on all watercraft except watercraft owned and operated for commercial purposes. Under this amendment, watercraft that were exempt from the General Property Tax were subject to a Watercraft License Tax, as provided by law. (E - January 1, 1967)

**Laws 1968, Chapter 184** extended the Watercraft License Tax to include all watercraft registered and used in the State of Arizona except watercraft still subject to the ad valorem property tax or otherwise specifically exempted. The responsibility for collecting the tax was transferred from the Motor Vehicle Division to the Arizona Game and Fish Department. (E - June 20, 1968)

**Laws 1972, Chapter 166** provided that the Watercraft License Tax be paid at the time of watercraft registration. Watercraft registrations expired on December 31 of each year and were renewed before the following March 1. The law extended the types of watercraft that were exempt from payment of the Watercraft License Tax. The distribution of the license tax was also changed. Under this law, \$40,000 of the amount collected was deposited in the Watercraft Licensing Fund. The remaining collections were deposited in the State Lake Improvement Fund. (E - August 13, 1972)

**Laws 1975, Chapter 38** exempted licensed marine dealers from registering watercraft in their possessions when they were to be offered for resale. (E - September 12, 1975)

**Laws 1981, Chapter 269** changed the Watercraft License Tax rate and provided that a separate tax rate should be levied on resident and non-resident taxpayers. For resident owners of watercraft, the license tax rate was changed to 50 cents per foot of length, or fraction of a foot, up to and including 18 feet and 75 cents per foot of length, or fraction of a foot, greater than 18 feet. For non-resident owners of watercraft, the license tax rate was changed to 65 cents per foot of length, or fraction of a foot, up to and including 18 feet and \$1.25 per foot of length, or fraction of a foot, greater than 18 feet. This law also changed the distribution of receipts from the Watercraft License Tax, beginning January 1, 1982. Under the new distribution formula, 25% of receipts (up to a maximum of \$190,000) will be deposited in the Watercraft Licensing Fund. Of the remaining receipts, 60% will go to the State Lake Improvement Fund and 40% will go to the newly established Law Enforcement and Boating Safety Fund.

**Laws 1982, Chapter 90** provided that monies deposited in the State Lake Improvement Fund may be used to administer the Law Enforcement and Boating Safety Fund in addition to other authorized uses. (E - July 24, 1982)

**Laws 1982, Chapter 255** authorized the Game and Fish Commission to establish rules for registering watercraft on a staggered monthly basis. In order to implement a staggered registration system, the law also authorized registration periods of less than 12 months or more than 12 months with license taxes prorated accordingly. Although this law was effective August 31, 1982, staggered registration will not be initiated until the Game and Fish Commission has established rules and the rules have gone through due process. Until that time all watercraft will be registered annually before March 1.

**Laws 1987, Chapter 228** redefined distribution of Watercraft License Tax revenues:

- (1) Forty-five percent (previously 25%) will go to the Watercraft Licensing Fund used to administer and enforce boating laws. Monies in this fund from license taxes which exceed \$290,000 in a fiscal year shall be used for boating education and safety programs.
- (2) The remaining 55% of the license taxes received each month shall be distributed by the Arizona Game and Fish Department as follows: Fifteen percent (previously 60%) of the amount shall go to the State Lake Improvement Fund, and eighty-five percent (previously 40%) to the Law Enforcement and Boating Safety Fund. (E - May 7, 1987)

**Laws 1994, Chapter 79** increased the license tax levied on nonresident owners of watercraft and decreased the license tax on resident owners. The license tax for nonresident owners was increase from 654 to \$1.45 per foot of length, or faction thereof, on each watercraft up to and including 18 feet, and from \$1.25 to \$2.75 per foot of length for each foot or fraction thereof over 18. The license tax for resident owners was decreased from 504 to 454 per foot of length, or fraction thereof, on each watercraft up to and including 18 feet, and from 754 to 684 per foot or fraction thereof over 18 feet. The act contains provisions defined in Article IX, Section 22, Constitution of Arizona that requires the affirmative vote of at 2/3rds of both houses. (E - April 12, 1994)