



# COMMONWEALTH of VIRGINIA

Department of Taxation  
Richmond, Virginia 23282

## MEMORANDUM

TO: Ronald W. Wheeler, Director  
Office Services Division

W. S. Cordle, Director  
Field Services Division

FROM: Janie E. Bowen, Director *JEB*  
Tax Policy Division

DATE: March 4, 1991

SUBJECT: Federal Fee on Recreational Boaters

This is to advise you of a new federal user fee which may cause some confusion among Virginia taxpayers. An "indirect user fee" to be imposed on recreational boaters will be created by the Coast Guard as required by the new federal budget bill. The fee will range from \$25 to \$100 each year, depending on the length of the boat. This indirect fee is intended to require recreational boaters to share in the cost of existing Coast Guard programs, including search and rescue, boating safety, and aids to navigation. The fee will be applicable only to recreational vessels operating on navigable waters in the U.S. where the Coast Guard has a presence.

The Coast Guard will also collect a series of direct user fees for services such as inspecting and examining certain vessels and licensing commercial boat captains and crew members.

While the manner in which the fees will be collected is not known, they are not expected to have an impact on the computation of the Virginia watercraft sales and use tax. However, it is anticipated that there may be some confusion over the fees which have been referred to as "boat use taxes" and Virginia's watercraft use tax imposed on watercraft purchased out-of-state.

Please share this information with your staffs.

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