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PACIFIC NORTHWEST PILOTAGE REQUIREMENTS

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Fred Robinson’s practice emphasizes worldwide yacht transactions, including: construction; purchase and sale; leasing; tax planning and audit representation; foreign and U.S. registration; pilotage and offshore delivery. Mr. Robinson is a shareholder with the law firm of Carney Badley Spellman. He graduated from Santa Clara University School of Law in 1980 (J.D.). He has combined legal and tax expertise having obtained a Master of Laws in Taxation (LL.M) from the University of Florida (1981) and having worked with the Internal Revenue Service and two international public accounting firms. Mr. Robinson is a member of: Washington State Society of Certified Public Accountants; American Bar Association, Section of Taxation; Northwest Yacht Brokers Association; B.C. Marine Trades Association; Florida Yacht Brokers Association; International Superyacht Society; the Pacific Northwest Yachting Association; and the Association of Washington Business, Tax and Fiscal Policy Council, Past Chairman; State Capital Group, Tax Section, Chairman (1993-1994, 2000-2005).

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PACIFIC NORTHWEST PILOTAGE REQUIREMENTS

A. United States Government (“Federal”) Pilotage Requirements.

1. Exclusive Federal Regulation.

- (a) The Federal Government has exclusive authority to regulate pilots on vessels licensed for coastwise trade and precludes a state from imposing its own pilotage requirements upon them. “Coastwise” trade is defined as the transportation of passengers or freight for hire.
- (b) A commercial vessel must be under the direction and control of a federally licensed pilot if the vessel is:
 - (i) underway; and
 - (ii) not beyond three nautical miles from the baseline from which the territorial sea of the United States is measured.
- (c) Those vessels that are required to have a federally licensed pilot are not subject to state pilotage law requirements.

2. Concurrent Federal and State Regulations.

- (a) The states can regulate pilots in the bays, rivers, harbors and ports of the United States, unless otherwise specifically provided by federal law.
- (b) The United States Coast Guard has the authority to require a federally licensed pilot, when a pilot is not required by state law and the vessel is:
 - (i) engaged in foreign commerce; and

- (ii) operating either in the internal waters of the United States, or within three nautical miles from the baseline from which the territorial sea of the United States is measured.

B. State of Washington.

1. U.S. Registered Vessels.

- (a) 500 gross tons or less and up to 200 feet in length are automatically exempt from pilotage, unless used for charter.
- (b) More than 500 gross tons or more than 200 feet in length, can apply for an exemption.
- (c) If used for charter, regardless of vessel size, then needs either:
 - (i) a pilot; or
 - (ii) a captain with a federal pilotage exemption.
- (d) Any U.S. registered vessel greater than 1600 tons that is engaged in U.S. trade must have a federally licensed pilot.

2. Foreign Registered Vessels.

- (a) A foreign-registered vessel engaged in foreign trade must take a pilot.
- (b) A foreign-registered vessel not engaged in foreign trade must take a pilot, unless a Washington State exemption is obtained.

3. Duration of Exemptions.

Exemptions are given for either three months or one year.

C. British Columbia Pilotage Requirements.

1. Automatic Exemptions from B.C. Pilotage.

Any vessel under 350 gross tons is automatically exempt from pilotage.

2. Requesting Exemptions from B.C. Pilotage.

- (a) To be eligible to apply for a pilotage exemption, the vessel must be under 10,000 gross tons and all persons in charge of the deck watch must:
 - (i) hold certificates of competency;

- (ii) have served 150 days of service in the preceding 18 months or 365 days of service in the preceding 60 months, of which 60 days must have been served in the preceding 24 months in the region or engaged in the coastal trade; and
 - (iii) have served in the compulsory pilotage area for which the waiver is sought on one or more occasions during the preceding 24 months.
- (b) Other pilotage exemptions exist for vessels under 10,000 gross tons depending in part on the location of the area for which the exemption is requested.
- 3. Bringing on a Qualified Captain to Avoid the Pilotage Requirement.

Local captains with sufficient knowledge of area waterways can be taken on board to avoid the necessity of getting a pilot.

D. State of Alaska.

1. General Rule.

Alaska State Pilotage is required for:

- (i) “pleasure craft” 65 feet or longer; and
- (ii) (ii) all “pleasure craft” of foreign registry.

A “pleasure craft” is a vessel that does not carry passengers or freight for hire.

2. Automatic Exemptions from Alaska State Pilotage.

The following vessels are automatically exempt from Alaska state pilotage:

- (a) U.S. registered “pleasure craft.”
- (b) Foreign-registered “pleasure craft” of 65 feet or less.
- (c) Vessels propelled by machinery of not more than 65 feet in length.
- (d) U.S. registered vessels of less than 300 gross tons engaged exclusively:
 - (i) On the rivers of Alaska; or

- (ii) In the coastwise trade on the west or north coast of the United States, including Alaska and Hawaii, and including British Columbia.

3. Requesting Exemptions from Alaska State Pilotage.

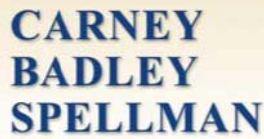
Exemptions from Alaska State Pilotage may be requested for the following types of vessels:

- (a) Foreign-registered pleasure craft of more than 65 feet in length but less than 175 feet in length.
- (b) Foreign-registered pleasure craft of more than 65 feet in length but not more than 125 feet in length that have received a pilotage exemption must proceed upon initial entry into Alaska waters to the first port of call to receive navigation and safety information from the registered vessel agent employed by the vessel.
- (c) Foreign-registered pleasure craft of more than 125 feet in length but less than 175 feet in length that have received a pilotage exemption must employ a state licensed pilot from initial entry into Alaska's compulsory pilotage waters to the first port of call.

4. Duration of Exemptions.

Pilotage exemptions are valid for one year.

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Frederick M. Robinson, a principal, joined the firm in 1981. Mr. Robinson is a Certified Public Accountant (inactive) and holds an LL.M. in Taxation. Prior to joining the firm, he worked with the Internal Revenue Service and two international public accounting firms.

Mr. Robinson's practice emphasizes world-wide yacht transactions, including yacht: construction; purchase and sale; leasing; like-kind exchanges; state tax planning and audit representation; foreign and U.S. registrations; and offshore delivery.

Education

Seattle University, B.A., Business Administration, 1976; University of Santa Clara School of Law, J.D., 1979; University of Florida, LL.M. (Taxation), 1981.

Admitted to Practice

Washington, 1980; Tax Court of the United States, 1981; U.S. District Court, Western District of Washington, 1981.

Professional Associations

Washington State Society of Certified Public Accountants; American Bar Association, Section of Taxation; Association of Washington Business, Tax and Fiscal Policy Council, Past Chairman; State Capital Group, Tax Section, Chairman (1993-1994, 2000-2005); Seattle University Albers School of Business Alumni Relations Board; Northwest Yacht Brokers Association, B.C. Marine Trades Association; Florida Yacht Brokers Association; International Superyacht Society; and Pacific Northwest Yachting Association.

Publications

"Washington State Business and Occupation Tax," American Bar Association, Section of Taxation, Committee on S Corporations (2002); *"Explaining Washington State's Trade-In Credit for Vessels,"* The Triton (September 2006); and *"Laws and Regulations of the Certified Professional Yacht Brokers (CPYB) Body of Knowledge,"* National Yacht Brokers Certification Program (2007).

Presentations

“Worldwide Superyacht Market” Seattle Yacht Club, Seattle, Washington, (2009)

“American Superyacht Forum” Seattle, Washington (2009, Sponsored by The Yacht Report.

“West Coast Yacht Transactions, Build Contracts and Tax Planning: California to Alaska” International Superyacht Society Annual Meeting, Ft. Lauderdale, Florida (2008)

“When Yachts Change Flags: Coast Guard and Foreign Registry Documentation Issues Related to International Sales of Yachts” California Yacht Brokers Association Legal Seminar, Yacht Sales and the Law XI (CYBA), Newport Beach, California (2008)

Forum on ***“Legal, Tax and Administrative Considerations of Yacht Ownership”*** Project USA, San Diego, California (2007), Sponsored by The Yacht Report

“Laws and Regulations of the Certified Professional Yacht Brokers (CPYB) Body of Knowledge” National Yacht Brokers Certification Program (2007)

“State Tax Update”, “Offshore Registration and Flagging” and “Reflections on the Super Yacht Industry” Northwest Yacht Brokers Association Annual Seminar, Lynnwood, Washington (2007)

“Reducing Sales and Use Taxes on West Coast Yachts” and “Offshore Yacht Registration / Flagging” First Annual International Conference of Professional Yacht Brokers, Nashville, Tennessee (2007), Co-Sponsored by Yacht Brokers Association of America (YBAA), Northwest Yacht Brokers Association (NYBA), British Columbia Yacht Brokers Association (BCYBA) and Ontario Yacht Brokers Association (OYBA)

“Offshore Yacht Registration / Flagging” Rainier Club (2006), Co-Sponsored by Yacht Path International, Pacific Maritime Title, First American Transportation Title Insurance Co., and the Northwest Yacht Brokers Association (NYBA)

“Why Offshore Registration is Gaining Popularity On the West Coast” California Yacht Brokers Association (CYBA) (2006)

“Legal Issues Forum” Northwest Marina Conference, Northwest Marine Trade Association (NMTA) (2006)

“Minimizing Tax Effects On Yachts On the West Coast: California, Oregon, Washington, British Columbia and Alaska” Ft. Lauderdale International Boat Show (2006), Co-Sponsored by Yacht Path International and the Florida Yacht Brokers Association (FYBA)

“West Coast Yacht Taxation” Northwest Yacht Brokers Association (2005)

”Vessel Sales and Use Tax in Washington and Oregon” California Yacht Brokers Association Legal Seminar, Yacht Sales and the Law (CYBA) (2005)

“What Florida Yacht Brokers & Their Customers Should Know About Selling & Chartering Yachts In the State of Washington” Florida Yacht Brokers Association Charter Professionals (2005)

“The Certified Professional Yacht Broker Exam: A Law Primer to Become a CPYB” and “Offshore Delivery Today: Is There Any Hope for a Tax Exemption?” California Yacht Brokers Association Legal Seminar Yacht Sales & The Law (CYBA) (2004)

“Washington State Excise Taxes on Out-of-State Businesses Selling Products Into Washington” Lake Union Boats Afloat Shows (2004)

“Taxation of Private Yachts in Washington Waters – What Mariner Owners Should Know” Northwest Marina Conference (2003)

“International and State Tax Law” Northwest Yacht Brokers Association Certification Seminar (2002)

“Selling and Chartering Watercraft in Washington” Northwest Yacht Brokers Association Seminar (2001)

“Vessel Taxation in Washington and British Columbia” California Yacht Brokers Association Legal Seminar (CYBA) (2001)