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Meeting notes:

- **Derelict Vessel Removal Fund Advocacy and Legislative Outcomes:** Roman, Jay, Tarin, Andrea, Trevor, and other team members discussed the successful advocacy efforts that prevented the transfer of funds from the Derelict Vessel Removal Account in the state budget, highlighted the passage of House Bill 2199 updating derelict vessel definitions, and reviewed related legislative strategies and outcomes.
 - **Budget Advocacy Efforts:** Roman explained that the governor's initial budget proposed transferring \$10 million from the Derelict Vessel Removal Fund, which was later reduced in legislative proposals and ultimately eliminated in the final budget after advocacy by Jay, Tarin, Andrea, and others. The team sent a letter outlining concerns and reinforced their position during lobby day and through ongoing discussions with legislators.
 - **Legislative Strategy:** Jay and Roman described a strategic, measured approach to advocacy, contrasting it with the previous year's aggressive response to the luxury boat tax. This year, the team focused on behind-the-scenes discussions and targeted communications, which, combined with support from DNR and partners, contributed to the positive outcome.
 - **House Bill 2199 Passage:** Roman reported that House Bill 2199, which redefined certain aspects of derelict vessel removal, passed the legislature and was signed into law, taking effect June 11th. This bill aims to clarify definitions and streamline the removal process.
 - **Ongoing Legislative Monitoring:** Roman and Jay emphasized the need for continued vigilance regarding potential future attempts to transfer funds or introduce new taxes, given the state's ongoing budget challenges and spending growth.
 - **Industry Collaboration and Communication:** Jay and Lorena highlighted the importance of industry-wide communication, including letters from ARBA and MTA, media coverage, and repeated messaging to legislators, which collectively amplified the advocacy effort and contributed to the legislative success.
- **State Taxation Changes and Business Impact:** Roman, Jay, Mary, Troy, Patrick, and others discussed recent and proposed state tax changes—including the new income tax, inheritance tax adjustments, and defeated payroll/Medicaid assessment bills—and their significant impact on businesses and client migration out of Washington.
 - **New State Income Tax:** Roman detailed the passage of a new state income tax applying to households with adjusted gross income over \$1 million, taxed at 9.9%. He noted the likelihood of future changes, pending court challenges, and possible initiatives to repeal the tax.
 - **Inheritance (Death) Tax Adjustments:** Roman explained that the state repealed last year's increase in the death tax, restoring the exemption to \$3 million and reducing the top rate to 20%. This change was prompted by feedback from residents and businesses considering relocation.
 - **Defeated Tax Proposals:** Roman reported that proposals for a payroll tax and an employer Medicaid assessment were considered but ultimately not enacted this

session, though similar measures may return in future years due to ongoing budget deficits.

- **Business and Client Migration:** Mary and Troy shared firsthand accounts of clients and businesses leaving Washington for states with lower taxes, citing the inheritance tax and overall tax burden as primary motivators. Roman encouraged sharing such examples with legislators to inform policy debates.
- **Industry Feedback and Legislative Communication:** Jay and Roman requested anonymized stories from members about the business impacts of tax policy, emphasizing the importance of communicating these effects to policymakers during legislative and campaign seasons.
- **Tariffs and Supply Chain Cost Increases for Boatyards:** Patrick, Mary, Matthew, and others discussed the rising costs of boat parts and materials due to tariffs on imports from various countries, the impact on maintenance deferrals, and challenges faced by boatyards and manufacturers.
 - **Tariff Impacts on Materials:** Patrick and Mary described significant increases in costs for boat parts, aluminum, and hardware due to tariffs on imports from countries such as Canada, Mexico, and France. Matthew added that Seattle Yachts faced similar issues, including a \$4,000 tariff charge due to mislabeling.
 - **Maintenance Deferrals:** Patrick observed that customers are increasingly deferring boat maintenance because of higher costs driven by tariffs and taxes, which may have long-term implications for the industry.
 - **Industry Communication to Federal Delegation:** Roman and Jay noted that these tariff-related challenges are important messages to convey to the federal delegation and during upcoming advocacy trips, as they affect both businesses and customers.
- **Derelict Vessel Removal Data and Potential Fraud Concerns:** Patrick, Jay, John, Bill, and Tarin discussed the tracking of derelict vessel removals, the existence of official databases, and concerns about possible fraudulent activities related to DNR reimbursement for vessel disposal.
 - **Data Collection on Vessel Removals:** Patrick inquired about the existence of a centralized database tracking derelict vessel removals by NMTA members. Jay and John explained that DNR maintains records for registered derelict vessels, and public records requests can be made for this data.
 - **Potential for Fraudulent Claims:** Patrick raised concerns about individuals falsely claiming DNR affiliation to obtain reimbursement for vessel disposal. Tarin clarified that DNR only reimburses authorized public entities or known contractors, making such scams difficult but not impossible.
 - **Need for Further Investigation:** Bill suggested further investigation to determine the scale of potential underground or fraudulent activities. Jay agreed to invite the program director and relevant stakeholders to a future meeting to discuss the issue in detail.
 - **Marina Operator Partnerships:** Tarin explained that private marina operators can partner with authorized public entities to access DNR funds for vessel removal, but government involvement is required for reimbursement.
- **Boatyard General Stormwater Permit and Environmental Compliance:** Jay provided an update on the Boatyard General Stormwater permit, ongoing compliance challenges,

and the preliminary status of potential revisions, emphasizing the importance of industry input and continued engagement with regulatory agencies.

- **Permit Status and Industry Feedback:** Jay reported that the Boatyard General Stormwater permit is not currently slated for major revision, but conversations with the Department of Ecology are ongoing. The industry is adapting to benchmarks and limits, though compliance remains costly and challenging for boatyards.
- **Timeline for Rulemaking:** Jay noted that the next permit revision will be released for public comment in January 2027, with the rule taking effect in September 2027. The industry will have opportunities to provide input before the rule is finalized.
- **Industry Events, Conferences, and Legislative Engagement:** Jay announced upcoming events including the Marine and Boatyard Conference, golf tournament, and interim legislative tours, encouraging member participation and highlighting their role in advocacy and industry visibility.
 - **Marine and Boatyard Conference:** Jay shared details about the upcoming Marine and Boatyard Conference in October, including expanded capacity, a revised schedule, and opportunities for sponsorship and exhibitor engagement.
 - **Golf Tournament and Legislative Impact:** Jay emphasized the importance of the annual golf tournament in supporting legislative advocacy, noting that participation and relationships built through the event can influence budget decisions affecting the industry.
 - **Legislative Tours and Site Visits:** Jay encouraged members to suggest and host tours for legislators, as these visits help build understanding and support for industry priorities.
- **Marine Technician Apprenticeship Program Promotion:** Jay and Matthew discussed the state-approved Marine Technician apprenticeship program, its benefits, and upcoming promotional activities, encouraging broader industry participation.
 - **Program Overview and Partnerships:** Jay described the apprenticeship program based in Bellingham, which is state-approved and designed to advance marine technician careers. Matthew noted Seattle Yachts' positive experience partnering with the program.
 - **Upcoming Lunch and Learn Event:** Jay announced an April 1st lunch and learn session to promote the apprenticeship program, open to NMTA members and others interested in learning more about participation and benefits.
- **Other Legislative and Regulatory Updates:** Roman and Jay provided brief updates on employment law changes, sales tax on advertising, and Fish and Wildlife budget outcomes, noting limited legislative action in these areas during the session.
 - **Employment Law Changes:** Roman mentioned that employees accepting early retirement or severance may now qualify for unemployment benefits, but no major employment law changes were tracked this session.
 - **Sales Tax on Advertising:** Jay explained that a sales tax on advertising and creative services remains in effect, with ongoing litigation but no immediate changes expected.

- **Fish and Wildlife Budget:** Jay reported that Fish and Wildlife did not receive their requested budget increases, limiting their ability to expand enforcement or access, and that no significant legislative action occurred in this area.

Follow-up tasks:

- **Golf Committee Meeting Scheduling:** Coordinate with Katie to finalize available dates for the golf committee meeting and establish the meeting on the calendar. (Jay, Katie)
- **Legislative Impact Stories:** Compile and send anonymized client stories illustrating the impact of recent tax legislation on business and client relocation to Jay and Roman for legislative advocacy. (Mary)
- **Derelict Vessel Disposal Data:** Request data from the Department of Natural Resources (DNR) regarding the number of derelict vessels disposed of by NMTA members for use in future legislative discussions. (Jay)
- **Derelict Vessel Disposal Program Review:** Invite the DNR program director and Frank Gonzalez to the next meeting to discuss the derelict vessel disposal process and address concerns about potential unauthorized or fraudulent activities. (Jay)