



16751
CG-BSX
Correspondence 22-01
11 Jul 2022

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COMDT (CG-BSX)

To: Distribution

Subj: FEES FOR ISSUING A VESSEL CERTIFICATE OF NUMBER

Ref: (a) 46 U.S.C. §12307

(b) 33 C.F.R. §174.31

1. Purpose. This letter provides guidance with regard to acceptable State fees per the requirements of ref (a).
2. Background.
 - a. Ref (a) regulates the authority to issue a vessel a certificate of number and permits the state to prescribe regulations to establish fees to carry out the intent of the chapter. The intent of Chapter 123 is the numbering of vessels.
 - b. Ref (b) permits States to condition the issuance of vessel numbers only for; proof of ownership, proof of liability insurance, or proof of payment of state or local taxes.
3. Discussion.
 - a. Per ref (a), the Coast Guard has authority to require the issuance of a certificate of number (CON) and to prescribe regulations to establish fees to carry out the intent of chapter 123. The intent of chapter 123 of Title 46 is to number undocumented vessels. Further, ref (b) permits states to condition the issuance of a CON only for proof of ownership, proof of liability insurance, or [proof] of payment of state or local taxes. Although a fee may be charged for issuing a CON, this fee can only be used to carry out the intent of chapter 123 of Title 46 of the U.S. Code. Further, the issuance of a CON can only be conditioned on what the Coast Guard has expressly prescribed in regulation.
 - b. A state may not levy a fee as a condition to receive a CON that *is not* related to the costs associated with issuing the CON. This includes, but is not limited to, financing unrelated state activities and programs like Aquatic Invasive Species programs. If a fee is charged while obtaining a CON that does not fund a program that carries out numbering of

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recreational vessels, then the associated fee cannot be levied. Unrelated fees need to be bifurcated from issuing a CON.

- c. Further, the condition on the issuance of a CON would still be impermissible if the surcharge is characterized as a tax or surcharge. One of the permitted conditions in ref (a) is proof of payment of state or local tax, not the imposition of a tax itself. For example, proof of payment of a vessel's sales tax is permissible, while imposition of a separate tax on vessel numbering is not.
4. Action.
- a. In accordance with refs (a) and (b), a state may impose fees to issue a vessel a CON, but only if the fees are used to directly pay for the issuance of the CON.
 - b. Any state with a past or existing surcharge, additional fee, or additional tax directly attached to the issuance of vessel CON should send a Corrective Action Plan (CAP) to this Office to the attention of their cognizant Coast Guard State Program Coordinator (SPC). The CAP shall include the State's plan and timeline to remove the impermissible surcharge(s), fee(s) or tax(es).
 - c. During assessments of State Recreational Boating Safety grant programs, Coast Guard SPCs will review applicable State law to determine compliance with refs (a) and (b).
5. Disclaimer. The guidance in this letter is not a substitute for applicable legal requirements and is not a rule. The guidance in this letter is not intended to impose legally-binding requirements on any party. This guidance represents the Coast Guard's current thinking on this topic and may assist States, the general public, and the Coast Guard, in applying statutory and regulatory requirements.
6. Questions. Questions from the public concerning this letter should be directed to Commandant (CG-BSX-21), Inspections and Compliance Directorate, Office of Auxiliary and Boating Safety, Boating Safety Division, Program & Operations Management Branch at RBSInfo@uscg.mil.

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