



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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226 Capitol Boulevard Bldg., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard 
Executive Director

DATE: 25 January 2018

SUBJECT: Public Chapter 179, Acts of 2017 (Boat Titling)—Final Report for Approval

The attached Commission report is submitted for your approval. It was prepared in response to Public Chapter 179, Acts of 2017, which directs the Commission to perform a study on the creation and implementation of a boat titling system in Tennessee. Staff has continued to refine the information and recommendations presented in the report to address questions and feedback from members at the December 2017 meeting.

The main recommendation of the report remains unchanged:

- **Based on the benefits of boat titling for owners and buyers, the titling laws in other states, and the concerns raised by stakeholders, Tennessee should implement a boat titling system for motorized and sail-powered boats that are either larger or likely to be more powerful. Similar to Michigan, Tennessee could consider limiting titling both to boats that have a permanently attached engine and to boats that are at least 20 feet long, excluding human-powered watercraft.**

But in response to members' concerns that county clerks, the Tennessee Wildlife Resources Agency (TWRA), and the Department of Revenue have not reached a consensus regarding which government entity should administer a potential boat titling system, the draft report's recommendation that boat titling be administered by the TWRA and the county clerks has been replaced in the final report with the following recommendation:

In light of the lack of consensus regarding how a potential boat titling system should be administered in Tennessee, the TWRA, the county clerks, and the Department of Revenue should work together to determine an effective and agreed upon way to administer boat titling in the state. We request that they report back to the Commission in December 2018.

Staff has included additional information in the final report on North Carolina to provide an example of a state that administers boat titling without the assistance of local government and new information about the effect of a boat titling requirement on the recording taxes and filing fees that the Tennessee Secretary of State's office collects for UCC-1 financing statements. Language was also added to clarify that boat titling would help prevent some but not all fraud.

The other two recommendations from the draft report remain unchanged in the final report. They are:

- **To avoid the significant administrative burdens that would occur if titling requirements were applied retroactively to all existing boats, Tennessee should also consider phasing in any new titling system by limiting it either to boats manufactured at least one year after the law's effective date or to boats sold or transferred at least one year after the law's effective date.**
- **Tennessee should provide consumers with greater protection from frauds perpetrated by unscrupulous boat dealers and prevent those individuals from becoming dealers by requiring boat dealers to meet minimum licensing requirements similar to motor vehicle and RV dealers, including background checks and surety bonds.**