



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0026 Introduced on January 14, 2025
Subject: Watercraft Liability Insurance
Requestor: Senate Fish, Game, and Forestry
RFA Analyst(s): Vesely
Impact Date: January 28, 2025

Fiscal Impact Summary

This bill specifies it is unlawful for an owner of a watercraft of more than seventy horsepower, a personal watercraft, or a specialty procraft titled in South Carolina or documented by the United States Coast Guard (USCG) with a hailing port in South Carolina to allow the operation of the watercraft without a liability insurance policy with a minimum of \$50,000 combined liability coverage for bodily injury or property damage for any one occurrence. A person in violation of this requirement is guilty of a misdemeanor and subject to fines.

The Department of Natural Resources (DNR) enforces state and federal laws related to boating and South Carolina's waterways. This fiscal impact for DNR is pending, contingent upon further response from the agency.

This bill will have no expenditure impact for the Department of Insurance (DOI) as the agency anticipates that any additional responsibility as a result of this bill will be managed by existing appropriations and staff.

This bill will result in no expenditure impact for Judicial as Judicial anticipates that any increase in the number of court cases due to this bill can be managed using existing staff and appropriations.

This bill may result in a minimal increase in insurance premium tax revenue beginning in FY 2025-26. DOI anticipates that any increase to premiums, and thereby, insurance premium taxes due to this bill will not be significant.

This bill may result in an increase in court fines and fees due to the newly created misdemeanor. This bill requires all fines prescribed as a result of operating a watercraft that requires liability insurance without coverage must be used by DNR for the purpose of a boater training and safety program.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill specifies it is unlawful for an owner of a watercraft of more than seventy horsepower, a personal watercraft, or a specialty procraft titled in South Carolina or documented by the USCG with a hailing port in South Carolina to allow the operation of the watercraft without a liability insurance policy with a minimum of \$50,000 combined liability coverage for bodily injury or property damage for any one occurrence.

Department of Natural Resources. DNR enforces state and federal laws related to boating and South Carolina's waterways. Currently, owners of boats are not required to have insurance. Owners of boats in South Carolina are required to title and register their boats if they have an inboard motor and not already documented by the USCG. An owner must also title all outboard motors with five horsepower or more. DNR is currently reviewing this bill. The fiscal impact of this bill for DNR is pending, contingent upon further response from the agency.

Department of Insurance. DOI anticipates that the additional responsibilities as a result of this bill will be managed by existing appropriations and staff. Therefore, there will be no expenditure impact to the agency.

Judicial. This bill creates a misdemeanor related to boat insurance and establishes fines. The fine for the first and second offenses range from \$50 to \$500. The penalty for the third and subsequent offenses includes a fine and imprisonment up to one year. Judicial reports that implementation of this bill may increase caseloads in circuit court. While the increase in the number of course cases due to this bill is unknown, Judicial anticipates that any increase in caseload can be managed using existing staff and appropriations. Therefore, this bill will result in no expenditure impact for Judicial.

State Revenue

This bill provides that a person in violation of the specified liability for watercraft is guilty of a misdemeanor and subject to fines.

DOI currently collects taxes on insurance premiums written on the liability policies of watercraft that are currently voluntary. The cost of insurance varies on policy limit, type of boat, location of boat, driver history, and other factors. In addition to these risk characteristics determining policy costs, DOI has also expressed that the impact of this bill on the price of insurance is undetermined. While this bill will likely increase the total value of premiums of watercraft liability policies collected and therefore increase revenue, DOI has expressed that \$50,000 in liability insurance without any other required coverages, such as uninsured boater or permissive use, is relatively low coverage and should be obtained with relatively low premiums. Therefore, DOI anticipates the amount of insurance premium tax revenue that may be generated beginning in FY 2025-26 as a result of this bill will be positive, but not significant.

This bill may result in an increase in court fines and fees due to the newly created misdemeanor. This bill requires all fines prescribed as a result of operating a watercraft that requires liability insurance without coverage must be used by DNR for the purpose of a boater training and safety program.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director