



**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. 0167 Introduced on January 14, 2025
Subject: South Carolina Waterways Protection Act
Requestor: Senate Fish, Game, and Forestry
RFA Analyst(s): Miller
Impact Date: January 27, 2025

Fiscal Impact Summary

This bill establishes the South Carolina Waterways Protection Fund to be used by the Department of Natural Resources (DNR) to remove various hazards to navigation from the waters of the state, to identify and mark hazards to navigation, and to establish and maintain a grant program to remove water navigation hazards. The fund will be supported by a \$3 fee attached to all property tax notices for watercraft.

This bill requires DNR to administer the South Carolina Waterways Protection Fund and to use the funds to improve the navigation of waters in the state by removing or marking various hazards. DNR previously provided information on the South Carolina Waterways Protection Act based on similar legislation. Based on this previous response, this bill will result in an Other Funds expenditure impact of approximately \$696,000 on DNR beginning in FY 2025-26 as the department anticipates the expenses associated with this bill are dependent upon the amount of revenue generated within the fund. DNR is unsure which aspects of the program will be implemented first as anticipated revenues are not expected to fully fund the total cost to implement all responsibilities outlined in this bill.

For reference, the following tables display the potential recurring and non-recurring expenses DNR anticipates will be needed to fulfill the responsibilities outlined in this bill.

Non-Recurring Expenses

	Average Cost per Unit	Number of Units	Total*
Vessel Removal	\$8,750	35	\$306,000
Buoys Lighting	\$545	1,723	\$939,000
Officer Equipment	\$220,000	4	\$880,000

*Totals rounded to nearest thousand.

Recurring Expenses

	Average Cost per Unit	Number of Units	Total*
FTEs	\$66,492	4.0	\$388,000
Vessel Removal	\$8,750	9.23	\$81,000
Buoy Maintenance	\$122	1,723	\$210,000

*Totals rounded to nearest thousand.

This bill specifies that the South Carolina Office of Resilience (SCOR) may, upon a request from DNR, assist in the development and administration of a grant program established by the fund. If DNR requests SCOR to coordinate and assist in developing the grant program, SCOR indicates that this could be managed with existing staff and resources and would have no impact on the agency. If DNR requests SCOR to facilitate and manage the grant program in its entirety, SCOR anticipates the need to hire 4.0 additional FTEs with total salary and fringe as well as one time setup costs of \$310,948 in FY 2025-26 and \$258,948 in each year thereafter. However, as the responsibilities in this bill for SCOR are dependent upon a request for assistance from DNR, the General Fund expenditure impact for SCOR will depend on decisions by DNR.

This bill requires revenues generated for the South Carolina Waterways Protection Fund to be remitted to the State Treasurer's Office (STO) and to be kept separate and distinct from the General Fund. STO indicates this requirement will be managed within existing appropriations and will have no fiscal impact.

This bill also adds a \$3 fee to the tax notice of all watercrafts. Based on data provided by DNR in FY 2024-25, there are approximately 227,023 registered watercraft that are subject to property tax. Additionally, according to the Department of Revenue, there are 4,986 watercraft in the state that are documented through the United States Coast Guard (USCG). Assuming all USCG vessels are subject to property tax, the 232,009 watercraft subject to the \$3 fee will generate approximately \$696,000 in Other Funds revenue annually.

Further, the Revenue and Fiscal Affairs Office (RFA) contacted the county auditors to determine the potential impact to implement the \$3 fee and to ask how many tax notices are sent out annually. The Counties of Abbeville, Allendale, Barnwell, Beaufort, Charleston, Cherokee, Chester, Chesterfield, Darlington, Lancaster, Laurens, Newberry, Oconee, Pickens, Spartanburg, Williamsburg, and York provided a response. Allendale, Chesterfield, Laurens, Newberry, and York did not address the potential expenditure impact of this bill. Abbeville, Beaufort, Charleston, and Cherokee anticipate being able to add this \$3 fee to tax notices with no increase in local expenditures. Barnwell, Chester, Darlington, Lancaster, Oconee, Pickens and Spartanburg anticipate this bill will result in an undermined increase in expenses to update their systems to implement this \$3 fee. Williamsburg was unable to determine a potential impact without further information on the implementation of this fee. Based on these responses, this bill will have a one-time undetermined local expenditure impact that will vary among counties.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill establishes the South Carolina Waterways Protection Fund to be used by DNR to remove various hazards to navigation from the waters of the state, to identify and mark hazards to navigation, and to establish and maintain a grant program to remove water navigation hazards. The fund will be supported by a \$3 fee attached to watercraft tax notices in the state.

South Carolina Office of Resilience. This bill specifies that SCOR may, upon a request from DNR, assist in the development and administration of a grant program established by the fund. If DNR requests SCOR to coordinate and assist in developing the grant program, SCOR indicates that this could be managed with existing staff and resources and would have no impact on the agency. If DNR requests SCOR to facilitate and manage the grant program in its entirety, SCOR anticipates the need to hire 4.0 additional FTEs, including a Grant Administrator, two Program Coordinators, and a Senior Fiscal Analyst, with total salary and fringe as well as one time setup costs of \$310,948 in FY 2025-26 and \$258,948 in each year thereafter. However, as the responsibilities in this bill for SCOR are dependent upon a request for assistance from DNR, the General Fund expenditure impact for SCOR will depend on decisions by DNR.

Department of Natural Resources. This bill requires DNR to administer the South Carolina Waterways Protection Fund and to use the funds to improve the navigation of waters in the state by removing or marking various hazards. The department must allocate the funds in the four game zones within the state based upon the number of registered and documented watercraft in each game zone. Based on a previous response on similar legislation, this bill will result in an Other Funds expenditure impact of approximately \$696,000 on DNR beginning in FY 2025-26 as the department anticipates the expenses associated with this bill are dependent upon the amount of revenue generated within the fund. DNR is unsure which aspects of the program will be implemented first as anticipated revenues are not expected to fully fund the total cost to implement all responsibilities outlined in this bill.

For reference, the following tables display the potential recurring and non-recurring expenses DNR anticipates will be needed to fulfill the responsibilities outlined in this bill.

Non-Recurring Expenses

	Average Cost per Unit	Number of Units	Total*
Vessel Removal	\$8,750	35	\$306,000
Buoys Lighting	\$545	1,723	\$939,000
Officer Equipment	\$220,000	4	\$880,000

*Totals rounded to nearest thousand.

Recurring Expenses

	Average Cost per Unit	Number of Units	Total*
FTEs	\$66,492	4.0	\$388,000
Vessel Removal	\$8,750	9.23	\$81,000
Buoy Maintenance	\$122	1,723	\$210,000

*Totals rounded to nearest thousand.

State Treasurer's Office. Under this bill, revenues for the South Carolina Waterways Protection Fund must be remitted to STO and credited to an account separate and distinct from the General Fund and used for the purposes specified in the bill. STO indicates this requirement will be managed within existing appropriations and will have no fiscal impact.

State Revenue

This bill establishes the South Carolina Waterways Protection Fund, which will be supported by a \$3 fee attached to all watercraft tax notices in the state. Based on data provided by DNR in FY 2024-25, there are 361,023 watercrafts registered in the state. Of these, 134,000 are exempt from property taxes pursuant to Section 12-37-220(B)(38)(a), which exempts watercraft and motors that have an assessment of no more than \$50. A \$3 fee applied to the remaining 227,023 watercraft will result in an increase in Other Funds revenue totaling approximately \$681,000. Additionally, there are 4,986 vessels documented by the USCG. USCG documentation is mandatory for all commercial vessels five net tons and over and is voluntary for recreational vessels five net tons and over.¹ These watercrafts are also subject to property taxes in the state. Assuming none of the USCG vessels are exempt from property tax, the \$3 fee will increase Other Funds revenue by approximately \$15,000. Therefore, the total increase in Other Funds revenue will be approximately \$696,000 annually.

Local Expenditure

This bill establishes the South Carolina Waterways Protection Fund, which will be supported by a \$3 fee attached to all watercraft tax notices in the state. RFA contacted the county auditors to determine the potential impact to implement this fee and to ask how many tax notices are sent out annually. The Counties of Abbeville, Allendale, Barnwell, Beaufort, Charleston, Cherokee, Chester, Chesterfield, Darlington, Lancaster, Laurens, Newberry, Oconee, Pickens, Spartanburg, Williamsburg, and York provided a response.

The estimated number of tax notices provided included some combination of boats, boat motors, DNR registered watercraft, and USCG documented vessels. Due to the varying types of watercraft included in the various responses, RFA has relied on the estimated number of taxable watercraft from DNR to determine the potential revenue impact of this bill.

Allendale, Chesterfield, Laurens, Newberry, and York did not address the potential expenditure impact of this bill. Abbeville, Beaufort, Charleston, and Cherokee anticipate being able to add

¹ <https://www.swflbusinessandipblog.com/2020/12/should-i-document-my-vessel-with-the-u-s-coast-guard/#:~:text=USCG%20documentation%20is%20mandatory%20for,five%20net%20tons%20and%20over.>

this \$3 fee to tax notices with no increase in local expenditures. Barnwell, Chester, Darlington, Lancaster, Oconee, Pickens, and Spartanburg anticipate this bill will result in an undermined increase in expenses to update their systems to implement this \$3 fee. Williamsburg was unable to determine a potential impact without further information on the implementation of this fee. Based on these responses, this bill will have a one-time undetermined local expenditure impact that will vary among counties.

Local Revenue

N/A



Frank A. Rainwater, Executive Director