



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

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. 0484 Amended by Senate Fish, Game, and Forestry on February 15, 2023
Author: Campsen
Subject: South Carolina Waterways Protection Act
Requestor: Senate Fish, Game, and Forestry
RFA Analyst(s): Miller and Tipton
Impact Date: March 20, 2023 - Updated for Revised Agency Response

Fiscal Impact Summary

This bill establishes the South Carolina Waterways Protection Fund to be used 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 tax notices for watercraft.

This bill requires the Department of Natural Resources (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. As the increase in expenditures will depend upon the amount of revenue generated by the \$3 fee and based on an estimated Other Funds revenue increase of \$696,000, this bill will result in an Other Funds expenditure impact of up to \$696,000 for DNR beginning in FY 2023-24.

This bill specifies that the South Carolina Office of Resilience (SCOR) may, upon a request from DNR, assist in the maintenance of a grant program established by the fund. If SCOR assists with the maintenance of the grant program, the agency anticipates the need to hire 1.0 FTE, including salary and fringe as well as office setup and supplies, totaling \$83,000 in FY 2023-24 and \$82,000 each year thereafter. However, as the responsibilities in this bill for SCOR are dependent upon a request for assistance from DNR, the Other Funds 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, 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 Aiken, Anderson, Barnwell, Beaufort, Calhoun, Cherokee, Chester, Clarendon, Edgefield, Florence, Horry, Kershaw, Marlboro, Orangeburg, Pickens, and Spartanburg provided a response. Calhoun, Chester, Clarendon, Edgefield, Kershaw, and Marlboro did not address the potential expenditure impact of this bill. Beaufort, Horry, and Pickens anticipate being able to add this \$3 fee to tax notices with no increase in local expenditures. Aiken, Barnwell, Cherokee, Orangeburg, and Spartanburg anticipate this bill will result in an undermined increase in expenses to update their systems to implement this \$3 fee. Florence anticipates the cost to implement this fee will result in a non-recurring expense of \$15,000, and Anderson anticipates the non-recurring cost will be approximately \$300. Based on these responses, this bill will have a one-time undetermined local expenditure impact that will vary among counties.

This fiscal impact statement has been updated for a revised response from DNR and to clarify the expenditure impact.

Explanation of Fiscal Impact

Updated for Revised Agency Response on March 17, 2023

Amended by Senate Fish, Game, and Forestry on February 15, 2023

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 all 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 maintenance of a grant program established by the fund. If SCOR assists with the maintenance of the grant program, the agency anticipates the need to hire 1.0 FTE, including salary and fringe as well as office setup and supplies, totaling \$83,000 in FY 2023-24 and \$82,000 each year thereafter. However, as the responsibilities in this bill for SCOR are dependent upon a request for assistance from DNR, the Other Funds 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 bill specifies that the fund may only be used by the department for the following purposes:

- (1) the removal of hazardous, abandoned, or unattended vessels, marine debris, or hazards to navigation from the waters of this State;
- (2) identification, marking, and lighting of hazards to navigation in accordance with applicable rules governing aids to navigation; and

- (3) the establishment and maintenance of a grant program to provide funds to applicants, whether public or private, to remove hazardous, abandoned, or unattended vessels, marine debris, or hazards to navigation from the waters of this state.

Of the acceptable uses for the fund, DNR intends to prioritize the Aid to Navigation (ATON) and abandon boat removal. The average cost to remove a boat is \$8,750. DNR estimates that there are currently 35 abandoned boats that need to be addressed. DNR currently handles these abandoned boats on a case-by-case basis. Additionally, DNR currently has 756 hazard buoys. The average cost to replace a buoy is \$587 plus \$45 for hardware. DNR will establish criteria to determine which buoys should be replaced by lighted buoys and how quickly the replacements will be made. However, DNR anticipates the expenses associated with this bill will depend upon the amount of revenue generated within the fund. Therefore, based on an estimated Other Funds revenue increase of \$696,000, this bill will result in an Other Funds expenditure increase up to \$696,000 beginning in FY 2023-24.

This section of the fiscal impact statement has been updated for a revised response from DNR and to clarify the expenditure 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, 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 Aiken, Anderson, Barnwell, Beaufort, Calhoun, Cherokee, Chester, Clarendon, Edgefield, Florence, Horry, Kershaw, Marlboro, Orangeburg, Pickens, and Spartanburg 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

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.>

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.

Further, the Counties of Aiken, Anderson, Barnwell, Beaufort, Calhoun, Cherokee, Chester, Clarendon, Edgefield, Florence, Horry, Kershaw, Marlboro, Orangeburg, Pickens, and Spartanburg provided a response. The Counties of Calhoun, Chester, Clarendon, Edgefield, Kershaw, and Marlboro did not address the potential expenditure impact of this bill. The Counties of Beaufort, Horry, and Pickens anticipate being able to add this \$3 fee to tax notices with no increase in local expenditures. The Counties of Aiken, Barnwell, Cherokee, Orangeburg, and Spartanburg anticipate this bill will result in an undermined increase in expenses to update their systems to implement the \$3 fee. Florence County anticipates the cost to implement this fee will result in a non-recurring expense of \$15,000, and Anderson County anticipates the non-recurring cost will be approximately \$300. Based on these responses, this bill will have a one-time undetermined local expenditure impact that will vary among counties.

Local Revenue

N/A

Amended by Senate Fish, Game, and Forestry on February 15, 2023

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 all 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 maintenance of a grant program established by the fund. If SCOR assists with the maintenance of the grant program, the agency anticipates the need to hire 1.0 FTE, including salary and fringe as well as office setup and supplies, totaling \$83,000 in FY 2023-24 and \$82,000 each year thereafter. However, as the responsibilities in this bill for SCOR are dependent upon a request for assistance from DNR, the Other Funds 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. This bill will result in an Other Funds expenditure impact of approximately \$696,000 on DNR beginning in FY 2023-24 as DNR 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 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, 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.² 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 Aiken, Anderson, Barnwell, Beaufort, Calhoun, Cherokee, Chester, Clarendon, Edgefield, Florence, Horry, Kershaw, Marlboro, Orangeburg, Pickens, and Spartanburg provided a response.

² <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.>

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.

Further, the Counties of Aiken, Anderson, Barnwell, Beaufort, Calhoun, Cherokee, Chester, Clarendon, Edgefield, Florence, Horry, Kershaw, Marlboro, Orangeburg, Pickens, and Spartanburg provided a response. The Counties of Calhoun, Chester, Clarendon, Edgefield, Kershaw, and Marlboro did not address the potential expenditure impact of this bill. The Counties of Beaufort, Horry, and Pickens anticipate being able to add this \$3 fee to tax notices with no increase in local expenditures. The Counties of Aiken, Barnwell, Cherokee, Orangeburg, and Spartanburg anticipate this bill will result in an undermined increase in expenses to update their systems to implement the \$3 fee. Florence County anticipates the cost to implement this fee will result in a non-recurring expense of \$15,000, and Anderson County anticipates the non-recurring cost will be approximately \$300. Based on these responses, this bill will have a one-time undetermined local expenditure impact that will vary among counties.

Local Revenue

N/A

Introduced on February 2, 2023

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 increase in the fee for filing a motorboat application and a \$3 fee added to the tax notice of all United States Coast Guard documented watercraft.

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. DNR indicates the expenses associated with this bill will depend upon the amount of revenue generated within the fund. DNR is working to provide an estimate of the expenses associated with this bill. This fiscal impact statement is pending, contingent upon an additional response from DNR.

Office of Resilience. This bill specifies that SCOR may, upon a request from DNR, assist in the maintenance of a grant program established by the fund. If SCOR assists with the maintenance of the grant program, the agency anticipates the need to hire 1.0 FTE, a Program Coordinator I to coordinate and manage grant activities. The salary and benefits for this position would be \$50,394 and \$22,425, for a total annual cost of \$72,819. Additionally, SCOR anticipates purchasing a laptop for \$1,500 and that recurring office expenses, such as office materials and travel expenses for this position will total \$8,882 annually. Therefore, if SCOR assists with the maintenance of the grant program, the agency anticipates a total cost of \$83,201 in FY 2023-24 and \$81,701 each year thereafter. The agency would request an Other Funds' authorization increase to cover these expenses. However, as the responsibilities in this bill for SCOR are

dependent upon a request for assistance from DNR, the Other Funds expenditure impact for SCOR will depend on decisions by DNR.

State Treasurer's Office. This bill requires revenues generated for the South Carolina Waterways Protection Fund to be remitted to 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.

State Revenue

This bill increases the fee for filing a motorboat application from \$10 to \$13. The \$3 increase must be deposited into the South Carolina Waterways Protection Fund. DNR is working to provide information on motorboat filings and the potential increase in fee revenue. As such, the revenue impact is pending, contingent upon an additional response from DNR.

Additionally, this bill adds a \$3 fee to the tax notice of all United States Coast Guard documented watercraft. This fee must be deposited by the county treasurer into the South Carolina Waterways Protection Fund. RFA contacted the counties to determine the number of United States Coast Guard documented watercraft in the state. Based on the responses from Florence and Clarendon Counties, there are an estimated there are thirty-seven documented boats in Florence and seven in Clarendon. RFA is unable to estimate the total number of United States Coast Guard documented watercraft in the state based on the limited number of responses received. Therefore, the increase to Other Funds revenue due to the \$3 fee is undetermined.

Local Expenditure

Additionally, this bill adds a \$3 fee to the tax notice of all United States Coast Guard documented watercraft. This fee must be deposited by the county treasurer into the South Carolina Waterways Protection Fund. RFA contacted the counties to determine the potential impact for collecting this fee. RFA received a response from the Florence and Clarendon counties. Florence anticipates the need to update multiple computer programs in order to provide the notices and collect this fee. Florence expects these updates will cost approximately \$15,000. Therefore, Florence anticipates this bill will increase local expenses by \$15,000 in FY 2023-24. Clarendon County did not provide an expenditure estimate for this bill. Due to the limited number of responses, the local expenditure impact of this bill is undetermined.

Local Revenue

N/A



Frank A. Rainwater, Executive Director