

REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(Collins, Clyburn, Moss, Hewitt & Long - Staff Contact: Stephanie Meetze)

HOUSE BILL 3858 TAXATION ON BOATS

Summary of Bill:

This bill removes the requirement to title an outboard bot motor and allows an auditor to combine a boat and outboard motor on a property tax notice. Additionally, this bill removes the provision that marine dealers that sell a minimum of ten outboard motors can renew marine dealer permits, and marine dealers who only service outboard motors are no longer allowed one demonstration number. This bill also exempts fifty percent of the fair market value of watercraft from property tax.

Estimated Fiscal Impact:

Department of Natural Resources will experience an increase in non-recurring expenses by approximately \$150,000 for FY 25-26 as well as a reduction in Other Funds revenue totaling approximately \$250,000 FY 25-26 and \$500,000 beginning in FY 26-27.

This bill is likely to reduce General Fund and Education Improvement Act (EIA) Fund sales tax revenue by an estimated \$360,000 and \$377,000 in FY 25-26 and FY 26-27 on casual excise taxes. Will also reduce sales tax revenue by up to \$144,000 and EIA revenue by up to \$36,000 in FY 25-26.

This bill will result in a decrease in tax revenue beginning in tax year 2027 due to the fifty percent FMV property tax exemption for watercraft and the removal of the requirement to register outboard motors.

Subcommittee Action/Explanation:

Favorable

Full Committee Action/Explanation:

N/A

Other Notes/Comments:

[CLICK HERE](#) to Enter Notes/Comments



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

WWW.RFA.SC.GOV • (803)734-3793

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:	H. 3858	Introduced on January 30, 2025
Subject:	Taxation on Boats	
Requestor:	House Ways and Means	
RFA Analyst(s):	Daigle and Miller	
Impact Date:	February 19, 2025	

Fiscal Impact Summary

This bill removes the requirement to title an outboard boat motor and allows an auditor to combine a boat and outboard motor on a property tax notice. Additionally, this bill removes the provision that marine dealers that sell a minimum of ten outboard motors can renew marine dealer permits, and marine dealers who only service outboard motors are no longer allowed one demonstration number. This bill also exempts fifty percent of the fair market value (FMV) of watercraft from property tax. This bill takes effect after January 1, 2026, and first applies to property tax years beginning after 2026.

The Department of Natural Resources (DNR) indicates that this bill will increase non-recurring expenses by approximately \$150,000 in FY 2025-26 in order to update education publications and forms, train staff on the updates pursuant to this bill, and to process expected returns and refunds. DNR anticipates requesting General Fund appropriations for these expenses.

Additionally, DNR anticipates this bill will result in a reduction of Other Funds revenue totaling approximately \$250,000 in FY 2025-26 and \$500,000 beginning in FY 2026-27 due to the loss of fees collected for outboard motor titling. Please note that the estimate for FY 2025-26 reflects 6 months of collections as the act takes effect on January 1, 2026, and the FY 2026-27 estimate reflects a full fiscal year of collections. DNR anticipates the need to request General Fund appropriations to offset this loss of Other Funds revenue. Furthermore, the Revenue and Fiscal Affairs Office (RFA) anticipates a minimal reduction of Other Funds revenue due a reduction in marine dealer permits and demonstration numbers from dealers who only service and sell outboard motors. RFA anticipates DNR will request General Fund appropriations to offset this loss of Other Funds revenue.

This bill will likely reduce General Fund and Education Improvement Act (EIA) Fund sales tax revenue due to a decrease in the amount of casual excise tax collected by DNR for issuing outboard motor titles. Based on information provided by DNR, RFA estimates that that in FY 2025-26 and FY 2026-27 approximately \$360,000 and \$377,000 of casual excise taxes would be collected separately on outboard motors under current law, respectively. Since this bill removes the titling requirement for outboard motors, DNR will no longer collect a separate casual excise tax when an outboard motor is purchased from a non-retailer. These sales would be subject to sales and use tax. However, if there is no longer a requirement to title the motor, there will be no triggering event to ensure collection of the sales and use tax. Further, if an outboard motor is

affixed to a watercraft, its value may be included within the FMV of the watercraft used to calculate the casual excise sales tax owed and subject to the maximum sales tax cap. It is unclear what percentage of casual excise taxes collected separately on outboard motors might be retained within the casual excise taxes collected on watercrafts. Therefore, this bill may reduce General Fund sales tax revenue by up to \$144,000 and EIA revenue by up to \$36,000 in FY 2025-26, and reduce General Fund sales tax revenue by up to \$301,600 and EIA revenue by up to \$75,400 beginning in FY 2026-27, depending on self-reporting of sales and use tax for non-retail sales and how much of the value of an outboard motor affixed to a boat is captured in tax on the watercraft itself. Please note that estimates for FY 2025-26 reflect 6 months of collections as the act takes effect on January 1, 2026, and the FY2026-27 estimates reflect a full fiscal year of collections.

This bill will no longer require an auditor to separately tax outboard motors on a property tax notice. RFA contacted each county to determine the local expenditure savings impact. We received responses from Beaufort, Charleston, Cherokee, Chester, Chesterfield, Florence, Greenville, Horry, McCormick, Oconee, and York. Most of these counties anticipate no cost savings on postage and mailing by being able to combine the boat and outboard motor on a tax notice, and any potential savings would be offset by initial costs for programming, software updates, and other requirements necessary to implement the changes. Additionally, they report an undetermined non-recurring expenditure to update software to combine the boat and outboard motor on a tax notice, with Beaufort County indicating that software updates could cost up to \$100,000. Based on previous conversations, counties also anticipate that this may lead to outdated information on total watercraft value as an owner of a boat can replace an outboard motor on a boat, and without the requirement of separate titling and tax notices, there is no way for the auditor's office to be aware of this change in value.

This bill will result in a decrease in property tax revenue beginning in tax year 2027 due to the fifty percent FMV property tax exemption for watercraft and the removal of the requirement to register outboard motors. Based on the assessed value of all watercraft and millage rates provided by the Department of Revenue (DOR) and the data provided by counties, we anticipate the statewide property tax reduction due to the fifty percent FMV property tax exemption for watercraft will total approximately \$59,453,000 beginning in tax year 2027. Additionally, multiple counties indicated there may be a reduction of watercraft property taxes as outboard motor titles are currently used in conjunction with tax notices to accurately tax outboard motors, and without the title and by combining a boat and outboard motor on one tax notice, counties have expressed concern that any upgrade of an outboard motor will not be known to the counties. We anticipate that the counties will offset any property tax revenue reduction by a millage rate increase, within the allowable limits.

Explanation of Fiscal Impact

Introduced on January 30, 2025

State Expenditure

This bill defines watercraft as including any affixed outboard motor and establishes what a watercraft does not include. Additionally, this bill removes the requirement to title an outboard motor. Currently, DNR titles outboard motors as well as watercraft.

This bill also amends Section 50-23-10 dealing with marine dealer permits so that marine dealers who sell new or used watercraft must sell a minimum of ten watercraft a year in order to renew the permit. Currently, marine dealers who sell a minimum of ten outboard motors or ten watercraft are authorized to renew marine dealer permits, which is removed by this bill. Marine dealer permits are currently \$10. In addition, this bill amends Section 50-23-11 dealing with dealer demonstration numbers so that marine dealers who only service watercraft are allowed one demonstration number. Currently, marine dealers who only service watercraft or outboard motors are allowed one dealer demonstration number. Only permitted marine dealers can apply for dealer demonstration numbers for a fee of \$30.

Additionally, this bill exempts fifty percent of the FMV of watercraft from property tax.

DNR reports that this bill will increase the department's non-recurring expenses by approximately \$150,000 in FY 2025-26. This bill will require DNR to incur some upfront expenses in order to update educational publications and forms and train staff on the update. DNR also expects that they will be required to process returns and refunds as the public adjusts to the changes in title fees and property taxes. Based on previous conversations with DNR, RFA anticipates that no longer titling outboard motors will not significantly reduce the number of supplies and staff time used as the agency will still be responsible for titling watercraft, and any savings would be reallocated to other existing tasks. Therefore, this bill will result in no expenditure savings for DNR and will increase the department's non-recurring expenses by \$150,000. DNR anticipates requesting General Fund appropriations for these expenses.

State Revenue

This bill removes the requirement to title outboard motors. DNR has collected an annual average of \$475,000 in title fees on outboard motors from 2021 to 2023. For information, growth in the annual revenue collected on outboard motors fluctuates from year to year, but RFA calculates the compound annual growth rate of collections as approximately 2.6 percent from 2021 to 2023. DNR anticipates this bill will result in a reduction of Other Funds revenue totaling approximately \$250,000 beginning in FY 2025-26 and \$500,000 beginning in FY 2026-27. Please note that the estimate for FY 2025-26 reflects 6 months of collections as the act takes effect on January 1, 2026, and the FY2026-27 estimate reflects a full fiscal year of collections. DNR will request General Fund appropriations to offset any reduction in revenue from outboard motor titles.

Additionally, this bill requires that marine dealers who sell new or used watercraft must sell a minimum of ten watercraft a year in order to renew their marine dealer permit. Currently, marine

dealers who sell a minimum of ten outboard motors or ten watercraft are authorized to renew marine dealer permits, and marine dealer permits are \$10. Furthermore, this bill states that marine dealers who only service watercraft are allowed one demonstration number. Currently, marine dealers who only service watercraft or outboard motors are allowed one dealer demonstration number. Only permitted marine dealers can apply for dealer demonstration numbers for a fee of \$30. RFA anticipates that this may reduce the revenue collected by DNR on marine dealer permits and demonstration numbers for dealers who only sell and service outboard motors. The impact due to marine dealer permits and demonstration numbers for dealers may be minimal as these dealers are only allowed one demonstration number each and based on a search by RFA, there are likely not many dealers in the state who only sell and service outboard motors. Therefore, RFA anticipates a minimal revenue reduction to Other Funds revenue due to the reduction in marine dealer permit and demonstration number fees, and we anticipate that DNR will request recurring General Fund appropriations to offset any reduction in revenue from The decrease of marine dealer permits and dealer demonstration numbers.

This bill will likely reduce General Fund and Education Improvement Act (EIA) Fund sales tax revenue due to a decrease in the amount of casual excise tax collected by DNR for issuing outboard motor titles. Currently, a casual excise tax is imposed for the issuance of every certificate of title, or other proof of ownership, for every outboard motor less than five horsepower that is purchased from a non-retailer as a single unit.^{1, 2} Boat motors are a maximum tax item, and therefore, the casual excise tax on a boat motor is 5 percent of the FMV but no more than \$500.³ Of the casual excise tax collected, 4 percent is allocated to the General Fund and 1 percent is allocated to the EIA Fund. Since this bill removes the titling requirement for outboard motors, DNR will no longer collect a separate casual excise tax when an outboard motor is purchased from a non-retailer. These sales would be subject to sales and use tax. However, if there is no longer a requirement to title the motor, there will be no triggering event to ensure collection of the sales and use tax. Further, if an outboard motor is affixed to a watercraft, its value may be included within the FMV of the watercraft used to calculate the casual excise sales tax owed and subject to the maximum sales tax cap.

In FY 2022-23, DNR collected \$312,639 of casual excise taxes on outboard motors. From FY 2020-21 to FY 2022-23, casual excise tax collections for outboard motors have increased by a compound annual growth rate of approximately 4.8 percent. Therefore, RFA estimates that in FY 2025-26 and FY 2026-27 approximately \$360,000 and \$377,000 of casual excise taxes would be collected separately on outboard motors under current law, respectively. It is unclear what percentage of casual excise taxes collected separately on outboard motors might be retained within the casual excise taxes collected on watercrafts. Therefore, this bill may reduce General

¹ South Carolina Department of Natural Resources, *Boating – Titling and Register a Watercraft or Outboard Motor in SC* Retrieved February 18, 2025, https://www.dnr.sc.gov/boating/Titling_and_Registration/index.html

² If purchased from a retailer, boat motors are subject to sales and use tax. Since boat motors are maximum tax items, they are subject to 5 percent sales and use tax not to exceed \$500. Source: State of South Carolina, Department of Revenue, *SC Revenue Ruling #22-7: Sales of Boats, Boat Motors, and Boat Trailers*, October 20, 2022, <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/RR22-7.pdf>

³ Residents eighty-five years of age and older are subject to a 4 percent casual excise tax but no more than \$500. Source: State of South Carolina, Department of Revenue, *SC Revenue Ruling #22-6: Sales of Boats, Boat Motors, and Airplanes*, October 20, 2022, <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/RR22-6.pdf>

Fund sales tax revenue by up to \$144,000 and EIA revenue by up to \$36,000 in FY 2025-26, and reduce General Fund sales tax revenue by up to \$301,600 and EIA revenue by up to \$75,400 beginning in FY 2026-27, depending on self-reporting of sales and use tax for non-retail sales and how much of the value of an outboard motor affixed to a boat is captured in tax on the watercraft itself. Please note that the estimates for FY 2025-26 reflect 6 months of collections as the act takes effect on January 1, 2026, and the FY2026-27 estimates reflect a full fiscal year of collections.

Local Expenditure

This bill no longer requires an auditor to send a separate tax notice for an outboard motor. RFA contacted each county to determine the local expenditure savings impact. We received responses from Beaufort, Charleston, Cherokee, Chester, Chesterfield, Florence, Greenville, Horry, McCormick, Oconee, and York. Of the counties that addressed this portion of the bill, most anticipate no cost savings on postage and mailing by being able to combine the boat and outboard motor on a tax notice. Some counties expressed that any potential savings due to postage and mailing would be offset by initial costs for programming, software updates, and other requirements in order to implement the new changes. Additionally, they report an undetermined non-recurring expenditure to update software to combine the boat and outboard motor on a tax notice. Beaufort County indicates that software updates could cost up to \$100,000. Additionally, based on previous conversations, counties anticipate combining boats and outboard motors on one property tax notice may result in outdated information on outboard motors, as an owner of a boat can replace an outboard motor multiple times over the years, and without the requirement of a separate tax notice, there is no way for the auditor's office to be aware of this change in value.

Local Revenue

This bill removes the requirement to title an outboard motor. This bill also no longer requires an auditor to send a separate tax notice for an outboard motor. Currently, outboard motor titles are used to assist auditors in issuing tax notices and collecting local property tax revenue. For information, DNR previously provided the total number of active taxable outboard motor titles by county as follows:

County Taxable Outboard Motors (Count)					
Abbeville	1,525	Dillon	844	Marion	488
Aiken	9,382	Dorchester	3,099	Marlboro	164
Allendale	66	Edgefield	755	McCormick	824
Anderson	5,368	Fairfield	805	Newberry	1,920
Bamberg	225	Florence	2,239	Oconee	5,117
Barnwell	680	Georgetown	5,305	Orangeburg	6,797
Beaufort	11,169	Greenville	6,117	Pickens	2,632
Berkeley	8,826	Greenwood	2,133	Richland	6,562
Calhoun	735	Hampton	301	Saluda	999
Charleston	28,944	Horry	9,246	Spartanburg	8,400
Cherokee	784	Jasper	2,148	Sumter	1,980
Chester	305	Kershaw	2,199	Union	709
Chesterfield	555	Lancaster	603	Williamsburg	1,021
Clarendon	1,979	Laurens	1,803	York	3,940
Colleton	1,850	Lee	405		
Darlington	1,328	Lexington	10,591		

Additionally, this bill adds fifty percent of the FMV of watercraft as defined in Section 50-23-5 to the list of exemptions from property tax. RFA contacted each county to determine the local property tax revenue impact. We received responses from Beaufort, Charleston, Cherokee, Chester, Chesterfield, Florence, Greenville, Horry, McCormick, and York. Horry County notes the impact of this exemption would reduce property taxes; however, this reduction would be offset by an increase in the millage rate. The following table displays the estimated reduction of property tax revenue for those counties who provided an estimate. Based on available data, we anticipate the property tax reduction reported by Charleston County may be based solely on county millage and may not include school or special purpose district millage.

Estimated Property Tax Decrease –Reported by the County		
County	Watercraft	Outboard Motors
Beaufort	\$1,718,000	\$1,030,000
Charleston	\$1,452,000	n/a
Cherokee	\$217,000	n/a
Chester	\$89,000	\$112,000
Chesterfield	\$60,000	\$86,000
Florence	\$331,000	\$323,000
Greenville	\$1,825,000	\$943,000
Horry	\$1,923,000	\$242,000
McCormick	\$108,000	\$73,000
York	\$2,000,000	n/a

Based on the assessed value of all watercraft and millage rates provided by DOR and the data provided above, we estimate that the statewide property tax reduction will total approximately \$59,453,000 beginning in tax year 2027. The following table displays the estimated property tax reduction by county:

Estimated Property Tax Decrease (All Millage)– Tax Year 2027			
Abbeville	\$280,000	Greenwood	\$473,000
Aiken	\$1,117,000	Hampton	\$70,000
Allendale	\$34,000	Horry	\$2,165,000
Anderson	\$6,851,000	Jasper	\$319,000
Bamberg	\$48,000	Kershaw	\$675,000
Barnwell	\$201,000	Lancaster	\$310,000
Beaufort	\$1,718,000	Laurens	\$652,000
Berkeley	\$3,732,000	Lee	\$139,000
Calhoun	\$612,000	Lexington	\$7,481,000
Charleston	\$7,996,000	Marion	\$111,000
Cherokee	\$217,000	Marlboro	\$62,000
Chester	\$201,000	McCormick	\$108,000
Chesterfield	\$146,000	Newberry	\$849,000
Clarendon	\$653,000	Oconee	\$2,866,000
Colleton	\$912,000	Orangeburg	\$1,149,000
Darlington	\$420,000	Pickens	\$2,280,000
Dillon	\$177,000	Richland	\$3,124,000
Dorchester	\$1,505,000	Saluda	\$791,000
Edgefield	\$445,000	Spartanburg	\$1,144,000
Fairfield	\$463,000	Sumter	\$717,000
Florence	\$323,000	Union	\$105,000
Georgetown	\$1,681,000	Williamsburg	\$217,000
Greenville	\$1,825,000	York	\$2,089,000
		Statewide	\$59,453,000

Please note, the assessment ratio for watercraft is typically 10.5 percent. However, counties are allowed to implement a property tax exemption by ordinance that effectively decreases the assessment ratio to 6 percent. Beaufort, Charleston, Florence, and Horry County report that they have implemented an effective assessment ratio of 6 percent for watercraft. None of these counties indicated whether they would consider removing this exemption to offset the exemption enacted by this bill.

Furthermore, counties anticipate a reduction in property tax revenue as outboard motor titles are currently used in conjunction with tax notices to accurately tax outboard motors, and without the title and by combining a boat and outboard motor on one tax notice, counties have expressed

concern that any upgrade of an outboard motor will not be known to the counties. Overall, RFA anticipates that counties will experience an undetermined decrease in property tax revenue, depending upon self-reporting of outboard motor upgrades, among other factors. Some counties have reported that they will be required to increase millage rates, within the allowable millage rate increase limitations, to offset any revenue lost due to the watercraft property tax exemption and changes for outboard motors.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
126th Session, 2025-2026

H. 3858

STATUS INFORMATION

General Bill

Sponsors: Reps. Brewer, Pedalino, Lowe, Mitchell, M.M. Smith, B.J. Cox, Chapman, Davis, Sessions, Erickson, Guffey, B.L. Cox, Hewitt, Teeple, Hartnett, Pope, Rutherford, Brittain, Wooten, Guest, Hager, J.L. Johnson, B. Newton, Bailey, Bustos, Gagnon, Gilliam, Herbkersman, Holman, Jordan, Lawson, Martin, Murphy, Robbins, Ballentine, T. Moore, Montgomery, Sanders, Atkinson, Ligon, Gibson, J. Moore, Caskey, Moss, Huff and Beach

Document Path: LC-0160SA25.docx

Introduced in the House on January 30, 2025

Currently residing in the House

Summary: Taxation on boats

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/30/2025	House	Introduced and read first time (House Journal-page 43)
1/30/2025	House	Referred to Committee on Ways and Means (House Journal-page 43)
2/4/2025	House	Member(s) request name added as sponsor: Ballentine, T. Moore, Montgomery
2/5/2025	House	Member(s) request name added as sponsor: Sanders
2/6/2025	House	Member(s) request name added as sponsor: Atkinson
2/11/2025	House	Member(s) request name added as sponsor: Ligon
2/18/2025	House	Member(s) request name added as sponsor: Gibson
2/25/2025	House	Member(s) request name added as sponsor: J. Moore
4/8/2025	House	Member(s) request name added as sponsor: Caskey
4/9/2025	House	Member(s) request name added as sponsor: Moss
4/10/2025	House	Member(s) request name added as sponsor: Huff, Beach

View the latest [legislative information](#) at the website

VERSIONS OF THIS BILL

01/30/2025

1
2
3
4
5
6
7
8
9 **A BILL**
10

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING ARTICLE 1 OF
12 CHAPTER 23, TITLE 50, SECTION 50-23-345, AND SECTION 50-23-375, ALL RELATING TO
13 THE TITLING OF WATERCRAFT AND OUTBOARD MOTORS, SO AS TO DELETE THE
14 REQUIREMENT THAT OUTBOARD MOTORS BE TITLED; BY AMENDING SECTION
15 12-37-3210, RELATING TO TAX NOTICES FOR BOATS AND BOAT MOTORS, SO AS TO
16 MAKE A CONFORMING CHANGE; BY AMENDING SECTION 12-37-3210, RELATING TO
17 TAX NOTICES FOR BOATS, BOAT MOTORS, AND WATERCRAFT, SO AS TO ALLOW THE
18 AUDITOR TO CONSOLIDATE THE TAX NOTICE; BY AMENDING SECTION 50-23-370,
19 RELATING TO WATERCRAFT CERTIFICATES, SO AS TO MAKE A CONFORMING
20 CHANGE; BY AMENDING SECTION 12-37-220, RELATING TO PROPERTY TAX
21 EXEMPTIONS, SO AS TO PROVIDE A PROPERTY TAX EXEMPTION FOR FIFTY PERCENT
22 OF THE FAIR MARKET VALUE OF WATERCRAFT.
23

24 Be it enacted by the General Assembly of the State of South Carolina:
25

26 SECTION 1. Article 1, Chapter 23, Title 50 of the S.C. Code is amended to read:
27

28 Article 1
29

30 Titling of Watercraft and Outboard Motors
31

32 Section 50-23-5. For purposes of this article, "watercraft" means anything used or capable of being
33 used as a means of transportation on the water, including any affixed outboard motor, but does not
34 include: a seaplane regulated by the federal government, water skis, aquaplanes, surfboards,
35 windsurfers, tubes, rafts, and similar devices or anything that does not meet construction or operational
36 requirements of the state or federal government for watercraft.
37

38 Section 50-23-10. Each entity desiring to be a marine dealer shall apply for a permit each year. A
39 permit is valid from January first to December thirty-first. The permit cost is ten dollars. Applications
40 for renewals must be received by December fifteenth each year. A marine dealer shall have an
41 established place of business with a street address separate from a residence. A marine dealer shall have
42 a valid business license and permit for each separate facility. A facility is separate if it is not within the
43 same compound or has a separate street address. Marine dealers who sell new or used watercraft shall

1 sell a minimum of ten watercraft ~~or outboard motors~~ a year in order to renew the permit. A dealer who
2 fails to meet minimum requirements each year may request in writing a review of the permit and sales.
3 After review of the dealer's records and after good cause has been shown by the dealer for not meeting
4 the minimum requirements, the department may renew the permit for the calendar year. Permitted
5 marine dealers may apply for demonstration numbers. Marine dealers permitted under this article
6 consent to inspections of the business and its records during regular business hours by department
7 personnel and other law enforcement officers. A dealer who fails to cooperate with department
8 inspections forfeits his permit. A marine dealer permit is invalid when a change is made to one or more
9 of the following:

- 10 (1) location address;
- 11 (2) federal employer identification number;
- 12 (3) South Carolina tax number;
- 13 (4) ownership; or
- 14 (5) business name.

15
16 Section 50-23-11. (A) Dealer demonstration numbers are limited to watercraft that are:

- 17 (1) held for sale by the dealership or assigned to the dealership, including customer watercraft in
18 for service and watercraft being ferried by the dealership;
- 19 (2) being operated for limited demonstration rides by prospective buyers;
- 20 (3) being operated for purposes of buyer demonstration by owners, employees, or corporate
21 officers of the dealership;
- 22 (4) being tested for service by the dealership;
- 23 (5) being temporarily operated by an established customer whose boat is being repaired; and
24 (6) valid from the date of issue until December thirty-first inclusive of each year.

25 (B) The demonstration numbers must not be permanently attached to the vessel but must be on board
26 at all times. Marine dealers who sell watercraft are allowed nine demonstration numbers. Marine
27 dealers who only service watercraft ~~or outboard motors~~ are allowed one demonstration number.

28 If a dealer allows the operation of a watercraft with demonstration numbers, the dealer shall execute
29 a form identifying the date and time, the specific watercraft, the dealer's permit number, the
30 demonstration number, the purpose for which the watercraft is being operated and if for a prospective
31 sale, the form must include the name of the prospective buyer, the date, the specific watercraft, the
32 dealer's permit number, and the demonstration number. The form and the dealer demonstration number
33 must be on board during operation but need not be attached. Operations with dealer demonstration
34 numbers are limited to seventy-two consecutive hours. This form is not required of owners, employees,
35 or corporate officers who carry dealer identification and who are authorized to use demonstration
36 numbers as provided herein.

1 (C) All owners, employees, or corporate officers authorized to demonstrate dealer watercraft using
2 demonstration numbers must be listed on the dealer permit application form. The list must be updated
3 as employees are added or deleted within thirty days of a change. Owners, employees, or officers not
4 listed may not use demonstration numbers.

5 (D) It is unlawful to misuse dealer demonstration numbers or allow dealer demonstration numbers
6 to be misused. A person convicted of misusing or allowing the misuse of dealer demonstration numbers
7 is guilty of a misdemeanor and, upon conviction, for a first offense must be fined not more than five
8 hundred dollars. For a second offense within three years of the first conviction, the offender must be
9 fined at least two hundred dollars but not more than five hundred dollars. The dealer demonstration
10 numbers are suspended for one year and must be surrendered to the department.

11 (E) The fee for a dealer demonstration number is thirty dollars and the fee must accompany the
12 application for each demonstration number. Demonstration numbers expire on December thirty-first of
13 each year or on the same date the marine dealer permit under which they were issued is voided,
14 surrendered, or revoked. All revenue from each demonstration number must be used to support the
15 Marine Investigations section of the department.

16 (F) Manufacturer demonstration numbers are limited to watercraft that are being operated for the
17 purpose of testing. Manufacturer demonstration numbers are valid from the date of issue until
18 December thirty-first inclusive of each year.

19 (G) A person does not violate the provisions of Section 50-23-190 relating to possessing or operating
20 a watercraft without a proof of title if the person possesses appropriate demonstration numbers for the
21 watercraft.

22
23 Section 50-23-12. A permitted marine dealer that accepts any watercraft ~~or outboard motor as a~~
24 trade-in must obtain from the owner a completed change in status form indicating the trade-in. The
25 dealer must submit the form to the department within thirty days in the manner prescribed.

26
27 Section 50-23-20. Any watercraft ~~or outboard motor, or both,~~ held or principally used in this State
28 must be titled by the department. An owner of a watercraft ~~or outboard motor~~ titled in this State must
29 notify the department within thirty days if ownership is transferred to another person, entity, or
30 transferred out of state or otherwise disposed.

31
32 Section 50-23-24. Neither the owner of a boat livery nor his agent or employees may permit any of
33 his vessels to depart from his premises unless it is registered properly, numbered, and titled.

34
35 Section 50-23-30. Watercraft documented by the United States Coast Guard or its predecessor or
36 successor agency and water skis, aquaplanes, surfboards, windsurfers, and similar devices, ~~and those~~

1 watercraft propelled exclusively by human power, and an outboard motor of the watercraft are not
2 required to be titled.

3
4 Section 50-23-35. (A) No title for a watercraft ~~or outboard motor~~ may be issued by the department
5 if currently titled in this State or titled or registered in another state unless it is accompanied by a receipt
6 from the applicant's appropriate county official stating payment of ad valorem taxes due for the tax
7 year in which the ownership was initiated has been paid. Applications submitted more than one year
8 after ownership was initiated must be accompanied by paid tax receipts for all subsequent years up to
9 the date the application was accepted by the department.

10 (B) A title for a watercraft ~~or outboard motor~~ sold by a permitted marine dealer is exempt from the
11 requirement for a paid tax receipt and may be titled by the department without the receipt indicating ad
12 valorem taxes have been paid. The department must transmit daily a list of the titles and certificates of
13 registration issued under this exemption to the respective county official for collection of ad valorem
14 taxes.

15 (C) No receipt is required for a watercraft ~~or outboard motor~~ designated as exempt from ad valorem
16 taxes by the appropriate county official, provided that each county makes such a determination when a
17 watercraft ~~or outboard motor~~ is titled in their respective county.

18
19 Section 50-23-55. (A) A certificate of title to a watercraft ~~or outboard motor~~ is prima facie evidence
20 of ownership of a watercraft ~~or outboard motor~~. All watercraft ~~and outboard motors~~ subject to the titling
21 requirements of this chapter must be titled.

22 (B) No person may acquire a watercraft ~~or outboard motor~~, subject to the titling requirements of this
23 chapter, without obtaining a certificate of title or in the case of a new watercraft ~~or outboard motor~~ a
24 manufacturer's or importer's statement of origin reflecting the person acquiring the watercraft ~~or~~
25 ~~outboard motor~~ as the original purchaser as provided in this chapter. In the case of watercraft ~~or~~
26 ~~outboard motors~~ from other jurisdictions that do not require titling, a bill of sale and proof of
27 registration may be substituted for the title.

28 (C) No person may dispose of a watercraft ~~or outboard motor~~ subject to the titling provisions of this
29 chapter without transferring to the person acquiring the watercraft ~~or outboard motor~~ a certificate of
30 title reflecting the transfer of the watercraft ~~or outboard motor~~. In the case of new watercraft, a
31 manufacturer's statement of origin must be delivered to the purchaser. In the case of watercraft ~~or~~
32 ~~outboard motors~~ from other states or foreign jurisdictions, which do not title such watercraft ~~or outboard~~
33 ~~motors~~, a bill of sale and proof of registration may be substituted.

34
35 Section 50-23-60. (A) Every person who acquires a watercraft ~~or outboard motor~~ required to be
36 titled under this chapter shall apply to the department within thirty days of the date of acquisition for a

1 certificate of title for the watercraft ~~or outboard motor~~ accompanied by the required fee and on forms
2 required by the department. The application must be signed by the person who acquires the watercraft
3 ~~or outboard motor~~ and shall contain:

4 (1) the applicant's name, domiciled address, including the county, date of birth, and the county
5 where the watercraft is principally located, state-issued identification number, and state of issue;

6 (2) ~~for watercraft~~, a description of the watercraft, including its make, model, model year, length,
7 the principal material used in construction, hull number, and the manufacturer's engine serial number
8 if an inboard; ~~for an outboard motor, its make, model, model year, or year of manufacture, and~~
9 ~~horsepower, and manufacturer's serial number;~~

10 (3) the date of acquisition by the applicant, the name and address of the person from whom the
11 watercraft ~~or outboard motor~~ was acquired, and the names and addresses of persons having a security
12 interest in the order of their priority;

13 (4) a bill of sale;

14 (5) further information reasonably required by the department to enable it to determine whether
15 the owner is entitled to a certificate of title and the existence or nonexistence of security interests in the
16 watercraft ~~or outboard motor~~;

17 (6) when a Transfer of Death (TOD) beneficiary is designated, each TOD beneficiary's name,
18 domiciled address, including the county, date of birth, state-issued identification number, and state of
19 issue; and

20 (7) in the case of one or more TOD beneficiaries receiving the title and registration to a watercraft
21 ~~or outboard motor~~, a bill of sale shall not be required for the department to issue a title, but such TOD
22 beneficiaries shall establish the death of all owners of the watercraft ~~or outboard motor~~.

23 (B) Every dealer selling or exchanging a watercraft ~~or outboard motor~~ subject to titling under this
24 chapter shall complete the application for a new title in the name of the purchaser before delivering the
25 watercraft ~~or outboard motor~~ to the purchaser. The application shall contain the name and address of a
26 lienholder and the date of the security agreement. It must be signed by the dealer showing the assigned
27 dealer permit number, as well as by the owner, and the dealer shall submit the application to the
28 department within thirty days of the sale. However, permitted marine dealers are not required to obtain
29 titles for new vessels ~~and outboard motors~~ held in their inventory for sale until they are sold or
30 exchanged as long as a proper manufacturer's or importer's statement of origin is held by the dealer.
31 The fees for title and registration may not exceed those required by this article and if requested must
32 be itemized on the bill of sale to the new owner. This does not prohibit a dealer from charging an
33 administrative fee for processing title and registration.

34 (C) If a dealer buys or acquires a used watercraft ~~or outboard motor~~ for resale and the watercraft ~~or~~
35 ~~outboard motor~~ is already covered by a certificate of title which is surrendered to him by the owner or
36 lienholder at the time of delivery of the watercraft ~~or outboard motor~~, the dealer need not send the

1 certificate to the department at that time. Upon transferring the watercraft ~~or outboard motor~~ to another
2 person, other than by creation of a security interest, within thirty days of sale he shall execute the
3 assignment and warranty of title by a dealer, showing the name and address of the transferee and a
4 lienholder and the date of his security agreement, in the spaces provided, on the certificate to the
5 department with the transferee's application for a new certificate.

6 (D) If application for certificate of title is made for a watercraft ~~or outboard motor~~ last owned in
7 another state or foreign country, the application shall contain or be accompanied by:

8 (1) the certificate of title issued by the other state or foreign country if any;

9 (2) other information or documents the department reasonably requires to establish the ownership
10 of the watercraft ~~or outboard motor~~ and the existence or nonexistence of security interests in it; or

11 (3) if the state or foreign country in which the watercraft ~~or outboard motor~~ was last owned does
12 not issue certificates of title, a bill of sale or sworn statement of ownership or evidence of ownership
13 required by the law of the state or foreign country from which the watercraft ~~or outboard motor~~ was
14 brought into this State, and proof of registration plus other information or documents the department
15 reasonably requires to establish the ownership of the watercraft ~~or outboard motor~~ and the existence or
16 nonexistence of security interests in it.

17 (E) An application except those from permitted marine dealers presented after thirty days is subject
18 to a late penalty of fifteen dollars.

19 (F) An application presented after sixty days is subject to a late penalty of thirty dollars.

20
21 Section 50-23-70. (A) The fee for a certificate of title for a watercraft is ten dollars, ~~and the fee for~~
22 ~~a certificate of title for an outboard motor is ten dollars.~~

23 (B) If a certificate of number or decals are lost, destroyed, or become illegible, the department may
24 issue a duplicate.

25 (C) The fee for providing a duplicate document or decal is five dollars.

26 (D) The provisions of this section requiring a fee do not apply to the watercraft owned by volunteer
27 rescue squads used exclusively for the purpose of the squads.

28 (E) The department must not issue a duplicate document for a certificate of number decal, certificate
29 of number card, ~~outboard motor decal~~, or watercraft title decal if the department has notice that ad
30 valorem taxes are due.

31 (F) The fee to establish, modify, or revoke a Transfer of Death designation upon a certificate of title
32 for watercraft ~~or outboard motor~~ is ten dollars.

33
34 Section 50-23-80. (A) The department shall file each application for certificate of title which is
35 received by it, provided it is accompanied by the required fee and complies in all other respects with
36 this chapter. When satisfied that the application is in proper form, that the applicant is the owner of the

1 watercraft ~~or outboard motor~~, and that there is no security interest in the watercraft ~~or outboard motor~~
2 not disclosed in the application, the department shall issue a certificate of title to the watercraft ~~or~~
3 ~~outboard motor~~.

4 (B) The department shall maintain a record of all certificates of title issued by it:

5 (1) Under a distinctive title number assigned to a watercraft ~~or outboard motor~~;

6 (2) Under the identification number awarded to a watercraft in accordance with the registration
7 and numbering act of the state in which it is registered. ~~If the State requires outboard motors to be~~
8 ~~registered separately, the department shall keep the motor registration numbers in its titling records;~~

9 (3) Alphabetically, under the name of the owner; and

10 (4) In the discretion of the department, in any other method it determines.

11 (C) All records of the department relating to the titling of watercraft ~~or outboard motors~~ shall be
12 public records.

13 (D) If the department is not satisfied that the applicant for a certificate of title to a watercraft ~~or~~
14 ~~outboard motor~~ is the bona fide owner of such watercraft ~~or outboard motor~~ and that there is no security
15 interest in it not disclosed in the application, the department shall withhold the issuance of a certificate
16 of title until the applicant reasonably satisfies the department that the applicant is the owner of the
17 watercraft ~~or outboard motor~~ and that there are no undisclosed security interests in it.

18
19 Section 50-23-90. ~~(a)~~(A) Each certificate of title issued by the department shall contain:

20 (1) the date issued;

21 (2) the name and address of the owner;

22 (3) the names and addresses of any lienholders, in the order of priority as shown on the application
23 or, if the application is based on a certificate of title, as shown on the certificate;

24 (4) the title number assigned to the watercraft ~~or outboard motor~~;

25 (5) a description of the watercraft ~~or outboard motor~~, including its make, model, model year, or
26 year of manufacture, horsepower, registration number, and manufacturer's serial number or, hull
27 number assigned to the watercraft by the department, length, and the principal material used in
28 construction;

29 (6) on the reverse side of the certificate, spaces for assignment of title by the owner or by the
30 dealer and for a warranty that the signer is the owner and that there are no mortgages, liens, or
31 encumbrances on the watercraft ~~or outboard motor~~ except as are noted on the face of the certificate of
32 title;

33 (7) information of whether Transfer of Death beneficiary designations have been filed with the
34 department; and

35 (8) any other data the department prescribes.

36 ~~(b)~~(B) A certificate of title issued by the department is prima facie evidence of the facts appearing

1 on it.

2
3 Section 50-23-110. ~~(a)(A)~~ No dealer shall acquire a new watercraft ~~or outboard motor~~ without
4 obtaining from the seller a manufacturer's or importer's statement of origin.

5 ~~(b)(B)~~ No manufacturer, importer, dealer, or other person shall sell or otherwise dispose of a new
6 watercraft ~~or outboard motor~~ to a dealer without delivering to the dealer a manufacturer's or importer's
7 statement of origin.

8 ~~(e)(C)~~ The manufacturer's or importer's statement of origin must be a uniform or standardized form
9 prescribed by the department and must contain:

10 (1) ~~for a watercraft,~~ the description of watercraft including its make, year of manufacture, or model
11 year, and manufacturer's hull identification number, length, and construction, ~~for an outboard motor~~
12 ~~the description including its make, model, year of manufacture, or model year, manufacturer's serial~~
13 ~~number, and horsepower;~~

14 (2) certification of date of transfer of watercraft ~~or outboard motor~~; and name and address of
15 transferee;

16 (3) certification that this was a transfer of watercraft ~~or outboard motor~~ in ordinary trade and
17 commerce;

18 (4) the signature and address of a representative of the transferor; and

19 (5) on the reverse side of each manufacturer's or importer's statement of origin an assignment
20 form, including the name and address of the transferee, a certification that the watercraft ~~or outboard~~
21 ~~motor~~ is new, and a warranty that the title at the time of delivery is subject only to liens and
22 encumbrances set forth and described in full in the assignment.

23
24 Section 50-23-120. ~~(a)(A)~~ The owner at the time of delivery of the watercraft ~~or outboard motor~~ shall
25 execute the assignment and warranty of title to the transferee in the space provided on the back of the
26 certificate of title. If the title is voided, due to a change, cancellation of an assignment on a title due to
27 error, or failure of a purchase to materialize the owner, shall make application for a duplicate title within
28 thirty days.

29 ~~(b)(B)~~ The transferee or purchaser shall obtain a new certificate of title by application to the
30 department accompanied by the required fee and upon the form or forms prescribed and furnished by
31 the department. This application for certificate of title must be filed within thirty days after the delivery
32 to him of the watercraft ~~or outboard motor~~.

33
34 Section 50-23-125. (A) In lieu of paper documents, the department is authorized to transmit and
35 receive the following information through secure electronic means for a certificate of title:

36 (1) the title for a watercraft ~~or outboard motor~~ with any liens or security interests;

(2) to the first lienholder on the title, the addition of subsequent liens; and

(3) the discharge of a security interest or lien from a lienholder on the title.

The certificate of title record must contain the same information noted on a paper certificate of title. Upon receipt of the discharge of the final lien, a clear title must be printed and conveyed to the owner at the address on file with the department. The provisions of this section do not alter the priority of lienholders and encumbrances against a certificate of title. A duly certified copy of the department's electronic record of the lien is admissible in a civil, criminal, or administrative proceeding as evidence of existence of the lien.

(B) The department is authorized to collect an electronic transaction fee not to exceed five dollars for each transaction from commercial parties who transmit or retrieve data from the department pursuant to this section. The fee collected by the department is an official fee and must be used to defray the expenses of the electronic lien program.

(C) Notwithstanding Sections 37-2-202 and 37-3-202, commercial entities and lenders who transmit or receive data from the department pursuant to the provisions of this section may collect an electronic transfer fee not to exceed five dollars for each transaction from the owners of watercraft ~~or outboard motors~~. A fee charged by the department related to a titled watercraft ~~or outboard motor~~ for the purposes of transmittal or retrieval of this data is deemed an official fee as referenced in Sections 37-2-202 and 37-3-202.

(D) All businesses and commercial lenders who are regularly engaged in the business or practice of selling watercraft ~~or outboard motors~~ as a licensed dealer pursuant to this chapter or in the business or practice of financing watercraft ~~or outboard motors~~ shall utilize the electronic lien system to transmit and retrieve electronic lien information. The department shall maintain contact information on its website for service providers utilizing an electronic interface between the department, lienholders, and sellers of watercraft ~~or outboard motors~~. The department must establish procedures to ensure compliance with the use of the electronic lien system and provide for valid exceptions as determined by the department.

Section 50-23-130. ~~(a)~~(A) If the ownership of a watercraft ~~or outboard motor~~ is transferred by operation of law, such as by inheritance, Transfer on Death, devise or bequest, order in bankruptcy, insolvency, replevin, or execution sale, or satisfaction of mechanic's lien, or repossession upon default in performance of the terms of a security agreement, the transferee shall, except as provided in subsection (b), promptly mail or deliver to the department the last certificate of title, if available, or the manufacturer's or importer's statement of origin or, if that is not possible, satisfactory proof of the transfer of ownership, and his application for a new certificate of title accompanied by the required fee, and upon the appropriate form or forms prescribed and furnished by the department.

~~(b)~~(B) If the ownership of a watercraft ~~or outboard motor~~ is terminated in accordance with the terms

1 of a security agreement by a lienholder named in the certificate of title, the transferee shall promptly
2 mail or deliver to the department the last certificate of title, his application for a new title accompanied
3 by the required fee and upon the form or forms prescribed and furnished by the department, and an
4 affidavit by the lienholder or his authorized representative, setting forth the facts entitling him to
5 possession and ownership of the watercraft or outboard motor, together with a copy of the journal entry,
6 court order or instrument upon which such claim of possession and ownership is founded. If the
7 lienholder cannot produce such proof of ownership, he may submit such evidence as he has with his
8 application to the department, and the department may, if it finds the evidence to be satisfactory proof
9 of ownership, issue a new certificate of title.

10 ~~(e)~~(C) If a lienholder succeeds to the interest of an owner in a watercraft or outboard motor by
11 operation of law and holds such watercraft or outboard motor for resale, he need not secure a new
12 certificate of title thereto but, upon transfer to another person, shall promptly mail or deliver to the
13 transferee or to the department the certificate, affidavit and such other documents as the department
14 may require.

15
16 Section 50-23-140. ~~(a)~~(A) If a lien or encumbrance is first created at the time of transfer, the
17 certificate of title must be retained by or delivered to the lienholder or retained electronically or
18 delivered to the lienholder electronically. All liens, mortgages, and encumbrances noted upon a
19 certificate of title take priority according to the order of time in which they are noted on it by the
20 department. All such liens, mortgages, and encumbrances must be valid as against the creditors of the
21 owner of a watercraft or outboard motor, whether armed with process or not, and against subsequent
22 purchasers of any such watercraft or outboard motor, or against holders of subsequent liens, mortgages,
23 or encumbrances upon the watercraft or outboard motor.

24 ~~(b)~~(B) When a lien is discharged, the holder shall note that fact on the face of the certificate of title
25 or discharge the lien electronically through the system prescribed by the department. If the lienholder
26 holds a paper certificate of title, within thirty days of discharging the lien, the holder shall present it to
27 the department.

28 ~~(c)~~(C) A security interest is perfected by the delivery to the department of the existing certificate of
29 title, if any, an application for a certificate of title containing the name and address of the lienholder
30 and the date of the security agreement, and the required fee. It is perfected as of the time of its creation
31 if the delivery is completed within thirty days of its creation, otherwise, as of the time of the delivery.

32 ~~(d)~~(D) If the person acquires a watercraft or outboard motor and the title shows an outstanding lien
33 and neither the department nor the transferee can verify the existence of the lien, the transferee may
34 provide proof of an attempt to notify the lienholder of record of the transfer and the attempt to verify
35 the existence of the lien by certified mail and if the lienholder of record does not respond within thirty
36 days of the attempted notice, the lien is unenforceable and the department shall issue a title clear of the

1 lien.

2 ~~(e)~~(E) If an owner of a watercraft ~~or outboard motor~~ attempts to verify the existence of a lien and
3 neither the owner nor the department can verify the existence, the owner may provide proof of an
4 attempt to notify the lienholder of record to verify the existence of the lien by certified mail and if the
5 lienholder of record does not respond within thirty days of the attempted notice, the lien is
6 unenforceable and the department shall issue a title clear of the lien.

7
8 Section 50-23-150. ~~(a)~~(A) If a certificate of title is lost, stolen, mutilated or destroyed or becomes
9 illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the
10 certificate, as shown by the records of the department, may obtain a duplicate by application to the
11 department, furnishing such information concerning the original certificate and the circumstances of
12 its loss, mutilation or destruction as may be required by the department.

13 ~~(b)~~(B) The duplicate certificate of title shall be a certified copy plainly marked "duplicate" across its
14 face. It shall be mailed to the first lienholder named in it or, if none, to the owner.

15 ~~(c)~~(C) In case an original certificate of title is mutilated or rendered illegible, such mutilated or
16 illegible certificate shall be returned to the department with the application for a duplicate.

17 ~~(d)~~(D) In the event a lost or stolen original certificate of title for which a duplicate has been issued
18 is recovered, it shall be surrendered promptly to the department for cancellation.

19
20 Section 50-23-170. (A) If a watercraft contains a permanent identification number placed on it by
21 the manufacturer, the manufacturer's serial number must be used as the builder's hull number. If there
22 is no manufacturer's serial number, if the manufacturer's serial number has been removed or
23 obliterated, or if the watercraft is homemade, the department, upon application, shall assign a
24 permanent identification number which must be used as the builder's hull number for the watercraft.
25 This assigned number must be affixed permanently to or imprinted by the applicant at the place and in
26 the manner designated by the department upon the watercraft for which the builder's hull number is
27 assigned. "Homemade watercraft ~~or outboard motor~~" means a watercraft ~~or outboard motor~~ which is
28 built by an individual for personal use from raw materials which does not require the assignment of a
29 federal hull identification number or serial number by a manufacturer pursuant to federal law. An
30 individual may build or furnish raw materials to a builder under a contract to build a homemade
31 watercraft ~~or outboard motor~~ to desired specifications. A copy of the contract, specifications, and bill
32 of sale for raw materials must accompany registration and title application. The person furnishing
33 materials under a contract may be considered the builder. A rebuilt or reconstituted watercraft ~~or~~
34 ~~outboard motor~~ must not be construed to be homemade. Every homemade watercraft must be certified
35 as meeting safety standards of the United States Coast Guard before it can be sold by the builder.
36 Certification must be furnished to the purchaser and a copy accompany applications for transfer to the

1 department.

2 (B) Every outboard motor must have a permanent identification number placed on it in at least two
3 locations by the manufacturer. This number must be used as the serial number. If there is no
4 manufacturer's serial number or if the manufacturer's serial number has been removed for a valid
5 reason or obliterated, the department, upon a prescribed application, may assign a serial number for the
6 outboard motor. This assigned serial number must be affixed permanently to or imprinted by the
7 applicant at the place and in the manner designated by the department upon the outboard motor for
8 which the serial number is assigned.

9 (C) ~~No newly-manufactured~~ newly manufactured watercraft ~~or outboard motor~~ may be sold or
10 offered for sale by a person in this State unless the watercraft ~~or outboard motor~~ has a hull identification
11 number or serial number permanently affixed, and the number also must be affixed permanently in a
12 hidden place.

13 (D) Manufacturer's serial numbers or hull identification numbers for watercraft must be imprinted
14 clearly in the stern transom knee or other essential hull member near the stern by stamping, impressing,
15 or marking with pressure or for an inboard watercraft on the main inside beam. In lieu of imprinting,
16 the manufacturer's serial number or hull identification number may be displayed on a plate in a
17 permanent manner. In addition to being permanent the number must be accessible. Hull identification
18 or serial numbers must be installed according to United States Coast Guard regulations. If the serial
19 number or hull identification number is displayed in a location other than on or near the stern transom,
20 the department must be notified by the manufacturer as to the location.

21 (E) No person may destroy, remove, alter, cover, or deface the manufacturer's serial number or hull
22 identification number or part of it, or plate bearing the number, or a serial number or hull identification
23 number or part of it assigned by the department or be in possession of an affected watercraft ~~or outboard~~
24 ~~motor~~ unless authorized in writing by the department and the Commandant of the United States Coast
25 Guard.

26
27 Section 50-23-180. ~~(a)~~ (A) Every law enforcement agency, peace officer, owner, or insurer in the
28 State, having knowledge of a stolen or converted watercraft ~~or outboard motor~~, immediately shall
29 furnish the department with full information concerning the theft or conversion.

30 ~~(b)~~ (B) The department, whenever it receives a report of the theft or conversion of a watercraft ~~or~~
31 ~~outboard motor~~, shall make a record of it, including the make of the stolen or converted watercraft ~~or~~
32 ~~outboard motor~~ and its hull number or serial number, and shall file the same in the numerical order of
33 the hull number or serial number with the index records of the watercraft ~~or outboard motors~~ of such
34 make. The department shall prepare a report listing watercraft ~~and outboard motors~~ stolen and
35 recovered as disclosed by the reports submitted to it, to be distributed as it deems advisable.

36 ~~(c)~~ (C) In the event of the recovery of a stolen or converted watercraft ~~or outboard motor~~, the owner

1 or insurer immediately shall notify the department in writing.

2 ~~(4)(D)~~ Law enforcement agencies shall notify the department of recovery of any stolen watercraft or
3 ~~outboard motor~~ immediately.

4
5 Section 50-23-185. Any law enforcement officer may inspect a junkyard, scrap metal processing
6 facility, salvage yard, marina, repair shop, boat yard, dry dock, licensed business buying, selling,
7 displaying, trading watercraft or outboard motors, new and used or parts of watercraft and outboard
8 motors, or both, parking lots, and public garages or any other person dealing with salvaged watercraft
9 or outboard motors or parts of them.

10 The physical inspection must be conducted while an employee or owner is present and must be for
11 the purpose of locating stolen watercraft or outboard motors, investigating the titling or registration of
12 ~~watercraft or outboard motors~~ wrecked or dismantled.

13
14 Section 50-23-190. No person may:

15 (1) be in possession of or operate on the waters of this State a watercraft ~~or an outboard motor~~ for
16 which a certificate of title is required unless a certificate of title has been issued to the owner;

17 (2) be in possession of or operate on the waters of this State a watercraft ~~or an outboard motor~~ for
18 which a certificate of title is required upon which the certificate of title has been canceled;

19 (3) be in possession of or operate on the waters of this State a sailboat ~~or outboard motor~~ required to
20 be titled without properly displaying the title decal;

21 (4) sell, transfer, or otherwise dispose of a watercraft ~~or an outboard motor~~ without delivering to the
22 purchaser or transferee a certificate of title or a manufacturer's or importer's statement of origin
23 assigned to the purchaser or transferee as required by this chapter;

24 (5) fail to surrender to the department a certificate of title upon cancellation of the title by the
25 department for a valid reason set forth in this chapter or regulations adopted pursuant to it; or

26 (6) dispose of a rejected or defective watercraft hull ~~or outboard motor~~ in the manufacturing process
27 except by upgrading the hull to meet United States Coast Guard requirements or destroying the hull ~~or~~
28 ~~outboard motor~~.

29
30 Section 50-23-200. No person may:

31 (1) alter, forge, or counterfeit a certificate of title or manufacturer's or importer's statement of origin
32 for a watercraft ~~or for an outboard motor~~;

33 (2) alter or falsify an assignment of a certificate of title, or an assignment or cancellation of a security
34 interest on a certificate of title to a watercraft ~~or to an outboard motor~~;

35 (3) hold or use a certificate of title to a watercraft ~~or to an outboard motor~~ nor hold or use an
36 assignment or cancellation of a security interest on a certificate of title to a watercraft ~~or to an outboard~~

1 ~~motor~~ knowing it to have been altered, forged, counterfeited, or falsified;

2 (4) have possession of, buy, receive, sell or offer for sale, or otherwise dispose of a watercraft ~~or an~~
3 ~~outboard motor~~ knowing or having reason to believe the watercraft ~~or outboard motor~~ has been stolen.

4 No person may procure or attempt to procure a certificate of title to a watercraft ~~or an outboard motor~~
5 or pass or attempt to pass a certificate of title or an assignment to a watercraft ~~or an outboard motor~~
6 knowing or having reason to believe the watercraft ~~or the outboard motor~~ has been stolen;

7 (5) have possession of, buy, receive, sell or offer for sale, or otherwise dispose of in this State a
8 watercraft ~~or an outboard motor~~ on which a manufacturer's hull identification number or part of it or
9 assigned serial number has been destroyed, removed, covered, altered, or defaced, knowing or having
10 reason to believe of the destruction, removal, covering, alteration, or defacement of the manufacturer's
11 hull identification number or part of it or assigned serial number; or

12 (6) destroy, remove, cover, alter, or deface the manufacturer's hull identification number or part of
13 it or assigned serial number on a watercraft or an outboard or inboard motor.

14
15 Section 50-23-201. (A) Any person or entity that attempts to obtain a certificate of title, certificate
16 of number or decals by fraud or misrepresentation or who obtains a certificate of title or certificate of
17 number or decals by fraud or misrepresentation is guilty of a misdemeanor and, upon conviction, must
18 be fined five hundred dollars or imprisoned not more than thirty days, or both.

19 (B) Any certificate or decal obtained by fraud or misrepresentation is void.

20
21 Section 50-23-205. (A) A stolen or abandoned, junked, adrift, destroyed, or salvaged watercraft ~~or~~
22 ~~outboard motor~~, a watercraft ~~or outboard motor~~ for which the true owner is not determined, or a
23 watercraft ~~or outboard motor~~ on which the manufacturer's or assigned serial number has been
24 destroyed, removed, covered, altered, or defaced may be seized.

25 (B) Upon seizure of the watercraft ~~or outboard motor~~, the department shall notify a person claiming
26 an interest in it, and the person has the right to prove his interest before the circuit court in the county
27 where the property was seized. If no action is filed within sixty days of notification, the department
28 may retain the property for official use or transfer the property to another public entity for official use,
29 sell the property at public auction, or, if the watercraft ~~or outboard motor~~ is determined to be unsafe,
30 destroy it. The proceeds derived from the sale must be deposited in the Boating Operating Fund of the
31 department for administration of the program.

32 (C) When the department determines the owner of a seized watercraft ~~or outboard motor~~ and related
33 marine equipment, it shall notify the owner by certified mail of the procedure, the location, and the fact
34 that he has not less than thirty days from the date of the certified letter to remove the equipment from
35 the department's storage facility. If a security interest has been perfected, the department must notify
36 the lienholder by certified mail allowing thirty days to respond. Failure to respond within thirty days

1 or remove the watercraft ~~or outboard motor~~ by the date designated forfeits the equipment to the
2 department to be used or disposed of according to law.

3
4 Section 50-23-210. ~~(a)~~(A) The department shall have the authority to suspend or revoke a certificate
5 of title to a watercraft, ~~or to an outboard motor~~, upon reasonable notice and hearing, when authorized
6 by any other provision of law or if he finds:

7 (1) The certificate of title was fraudulently procured or erroneously issued, or

8 (2) The watercraft, or outboard motor, has been scrapped, dismantled, or destroyed, or transferred
9 and registered in another state.

10 ~~(b)~~(B) Suspension or revocation of a certificate of title does not, in itself, affect the validity of a
11 security interest noted on it.

12 ~~(c)~~(C) When the department suspends or revokes a certificate of title, the owner or person in
13 possession of it shall, immediately upon receiving notice of the suspension or revocation, mail or
14 deliver the certificate to the department; ~~or~~.

15 ~~(d)~~(D) The department may seize and impound any certificate of title which has been suspended and
16 revoked.

17
18 Section 50-23-220. (A) Except as provided in subsection (B), all fees received and money collected
19 under the provisions of this chapter must be deposited in the State Treasury and set apart in a special
20 fund. Appropriations from this fund must be used for the expenses of the department in administering
21 the provisions of this chapter or for any purpose related to the mission of the department.

22 (B) To the extent fees collected pursuant to Section 50-23-70, in connection with titling a boat, are
23 attributable to fee increases beginning July 1, 1999, revenues from those increases must be used by the
24 department for its law enforcement responsibilities. Any surplus may be carried forward for that use.

25
26 Section 50-23-230. The department is authorized and empowered to make, adopt, promulgate,
27 amend, and repeal all rules and regulations necessary, or convenient for the carrying out of the duties
28 and obligations and powers conferred on the department by this chapter.

29
30 Section 50-23-240. A copy of the regulations adopted pursuant to this chapter, and of any
31 amendments thereto, shall be filed in the office of the board and in the office of the official State
32 record-keeping agency. Rules and regulations shall be published by the department in a convenient
33 form.

34
35 Section 50-23-250. The director, for the purpose of more effectively carrying out the provisions of
36 this chapter, shall have the power to employ and appoint the necessary enforcement officers for

1 enforcement of this chapter. The duties of such enforcement officers shall include but not be limited to
2 investigating applications for certificate of title, inspecting watercraft, ~~or outboard motors~~, in or at
3 public facilities for purposes of locating stolen property, and investigating and reporting thefts of
4 watercraft, ~~or outboard motors~~. With respect to the enforcement of the provisions of this chapter, such
5 enforcement officers shall have and may exercise throughout this State all of the powers of peace
6 officers.

7
8 Section 50-23-260. The department shall annually, between January first and January thirty-first,
9 furnish to each county auditor a list of motors and watercraft registered and titled pursuant to this
10 chapter in the previous year to residents of such auditor's county, which list shall include the names
11 and addresses of the owners of such watercraft and motors and sufficient additional information as will
12 permit the auditors to identify the chattels titled for tax purposes.

13
14 Section 50-23-270. A transfer of a watercraft ~~or outboard motor~~ is subject to this chapter. A person
15 making a false statement in a document or other submission to the department is guilty of a
16 misdemeanor and, upon conviction, must be fined not less than fifty nor more than five hundred dollars
17 or imprisoned not more than thirty days.

18
19 Section 50-23-275. A watercraft not previously required to be titled for which a title is required by
20 this chapter must be titled at the time of renewal of the registration of the watercraft or transfer of the
21 watercraft whichever occurs first. An owner of such a watercraft must secure a title for the watercraft
22 within three years from the effective date of this section.

23
24 Section 50-23-280. (A) Unless otherwise specified, a person violating this chapter is guilty of a
25 misdemeanor and, upon conviction, must be fined not less than twenty-five nor more than five hundred
26 dollars or imprisoned not more than thirty days, or both.

27 (B) A dealer violating this chapter is guilty of a misdemeanor and, upon conviction, must be fined
28 not less than twenty-five dollars for the first offense, and not less than one hundred dollars for a second
29 offense within two years. For the second and subsequent offenses, the dealer's permit must be
30 suspended for ninety days. Any demonstration numbers must be surrendered to the department. A
31 dealer who submits a fraudulent document or payment to the department must be suspended for ninety
32 days.

33
34 Section 50-23-290. Any person coming into possession of a watercraft ~~or outboard motor~~ without
35 proper proof of ownership must apply to the department for a title using the form prescribed by the
36 department. The application must be supported by an affidavit setting forth the circumstances under

1 which the watercraft ~~or outboard motor~~ was acquired. The applicant must attempt to notify the last
2 known titled or registered owner and any lienholder of record by certified mail of the application. The
3 applicant must provide the department with proof of mailing.

4 The applicant must publish an advertisement in a newspaper of general circulation in the county of
5 residence of the last known owner of record for three successive issues. If there is no prior owner of
6 record, the advertisement must be published in the county where acquired. The advertisement must be
7 as prescribed by the department in the application. Proof of advertising must be submitted to the
8 department.

9 Thirty days after the date of the last advertisement if no claim of interest or ownership is made and
10 the item has not been reported stolen, the department shall issue a clear title. If the item is reported
11 stolen, the department shall dispose of the item according to law.

12 If there is a claim of interest adverse to the applicant, the department shall not issue a title until the
13 issue is resolved. The parties may apply to a court of competent jurisdiction for resolution.

14
15 Section 50-23-295. (A) A certificate of title to watercraft ~~or an outboard motor~~ may not be transferred
16 if the department has notice that property taxes for property tax years beginning after 1999, are owed
17 on the watercraft ~~or outboard motor~~. If transfer of title has been denied pursuant to this section, a tax
18 receipt on the watercraft ~~or outboard motor~~ from the person officially charged with the collection of ad
19 valorem taxes in the county where the taxes are due must be accepted as proof that the taxes have been
20 paid. The bill of sale or title to watercraft ~~or an outboard motor~~ must require certification that property
21 taxes that are due and payable for property tax years beginning after 1999, have been paid and are
22 current as of the date of sale.

23 (B) A person who knowingly sells a watercraft for which he owes unpaid and outstanding property
24 taxes, or on which he knows there is a property tax lien, is guilty of a misdemeanor and, upon
25 conviction, must be fined not more than one thousand dollars or imprisoned not more than thirty days.
26 In addition to all applicable criminal penalties, a seller who falsely signs the certification required by
27 subsection (A), that property taxes are current and paid on a watercraft transferred to the buyer, is liable
28 to the buyer for three times the amount of damages directly associated with the false certification, as
29 well as applicable costs and reasonable attorney's fees.

30 (C) The county treasurer or other appropriate official annually, or more frequently as the county
31 considers appropriate, shall transmit a list of delinquent taxes due on watercraft ~~and outboard motors~~
32 to the department. The list may be transmitted in any electronic format considered acceptable by the
33 department.

34
35 SECTION 2. Section 50-23-345 of the S.C. Code is amended to read:
36

1 Section 50-23-345. (A) A transferee shall utilize the temporary certificate of number on the
2 department's application form as a temporary certificate of number to permit the use of watercraft while
3 applications for certificates of number are processed. Temporary certificates of number apply to new
4 and previously owned watercraft. A temporary certificate is valid for not more than sixty days from the
5 date of purchase. No temporary certificate of number may be issued for a boat, boat motor, or watercraft
6 until the ad valorem tax is paid for the year for which the registration is to be issued.

7 (B) When using a recently purchased watercraft under authority of a temporary certificate of number,
8 the operator shall carry a copy of the bill of sale on board along with the temporary certificate of
9 number.

10 (C) A temporary certificate of number must not be issued for a watercraft not having a hull or
11 manufacturer's identification number.

12 (D) Duplicate or updated temporary certificates of number or updated bills of sale are prohibited.

13 (E) The number assigned to a temporary certificate of number must not be displayed on the
14 watercraft.

15 ~~—(F) A transferee may operate a newly acquired outboard motor for sixty days while application for~~
16 ~~title is pending provided the bill of sale is in possession while operating the motor.~~

17
18 SECTION 3. Section 50-23-375 of the S.C. Code is amended to read:

19
20 Section 50-23-375. It is unlawful to display a registration number or a validation decal ~~on an outboard~~
21 ~~motor title decal or sailboat title decal on any watercraft or outboard motor except on the watercraft or~~
22 ~~outboard motor for which it was issued.~~

23
24 SECTION 4. Section 12-37-3210(A) of the S.C. Code is amended to read:

25
26 (A) The auditor shall prepare a tax notice for all boats, ~~boat motors,~~ and watercraft owned by the
27 same person and titled at the same time for each tax year. A notice must describe the boats, ~~boat motors,~~
28 or watercraft by name, model, and identification number. The notice must set forth the assessed value
29 of the boat, the millage, the taxes due on each boat, and the tax year. The notice must be delivered to
30 the county treasurer or official charged with the collection of taxes, who must collect or receive
31 payment of the taxes. One copy of the notice must be in the form of a bill or statement for the taxes due
32 on the boat and, when practical, the auditor shall mail that copy to the owner of the boat. When the tax
33 and all other charges included on the tax bill have been paid, the county treasurer or official charged
34 with the collections of taxes shall issue the taxpayer a paid receipt once all charges on the tax bill
35 including the taxes have been paid. The receipt or a copy may be delivered by the taxpayer to the
36 Department of Natural Resources with either the application for and issuance of number and certificate

1 referenced in Section 50-23-340 or the renewal application for a certificate of number referenced in
2 Section 50-23-370. A record of the payment of the tax must be retained by the treasurer. The auditor
3 shall maintain a separate duplicate for boats, ~~boat motors~~, and watercraft. No certificate of number may
4 be issued by the Department of Natural Resources unless the application is accompanied by the receipt,
5 or notice from the county treasurer, by other means satisfactory to the Department of Natural
6 Resources, of payment of the tax.

7
8 SECTION 5. Section 50-23-370(B) of the S.C. Code is amended to read:
9

10 ~~(B)(1) Beginning January 1, 2020, each~~ Each county auditor annually shall mail watercraft certificate
11 of number renewal notices to the owners of watercraft in the county as determined by the Department
12 of Natural Resources no later than forty-five days before expiration of the certificate. The renewal
13 notices, including the fees upon completion, must be returned to that county which shall:

14 (a) process the application and, if granting the renewal, notify the department to issue a renewed
15 certificate and decal;

16 (b) transmit the processed renewal notices to the department within seven days; and

17 (c) transmit the fees, including any late fees, to the appropriate state fund.

18 (2) Each county auditor must have access to the motorboat titling and registration records of the
19 department as applicable to the county auditor in the manner the county auditor and department agree
20 for the purpose of the county auditor performing the functions required in item (1).

21 (3) The department may not charge counties for online access network fees for watercraft and
22 owner information.

23 (4) If a certificate of number is not approved immediately by the department, an owner may
24 operate under a paid tax receipt for thirty days.
25

26 SECTION 6. Section 12-37-220(B) of the S.C. Code is amended by adding:
27

28 (54) fifty percent of the fair market value of watercraft as defined in Section 50-23-5.
29

30 SECTION 7. This act takes effect on January 1, 2026, and first applies to property tax years beginning
31 after 2026.

32 -----XX-----