

# REPORT OF THE LEGISLATIVE SUBCOMMITTEE

(Whitmire, Hayes, Anthony, & Erickson- Staff Contact: Kenzie Riddle)

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## HOUSE BILL 4715

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H. 4715 -- Reps. Kirby, Ott, Hiott, Hixon, Chumley, Burns, Johnson, Duckworth, Wheeler, Dillard, Forrest and Atkinson: A BILL TO AMEND SECTION 50-23-11, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO WATERCRAFT DEALER DEMONSTRATION NUMBERS, SO AS TO PROVIDE FOR A THIRTY DOLLAR APPLICATION FEE, TO PROVIDE FOR THE EXPIRATION OF DEMONSTRATION NUMBERS, AND TO PROVIDE FOR THE USE OF FEE REVENUE; TO AMEND SECTION 50-23-70, AS AMENDED, RELATING TO MOTORCRAFT CERTIFICATE OF NUMBER FEES AND DECALS, SO AS TO PROHIBIT THE DEPARTMENT OF NATURAL RESOURCES FROM ISSUING DUPLICATE DECALS WHEN AD VALOREM TAXES ARE OUTSTANDING; TO AMEND SECTION 50-23-340, RELATING TO THE APPLICATION FEE FOR WATERCRAFT CERTIFICATE OF NUMBERS, SO AS TO REDUCE THE FEE TO TEN DOLLARS; TO AMEND SECTION 50-23-345, AS AMENDED, RELATING TO TEMPORARY WATERCRAFT CERTIFICATE OF NUMBERS, SO AS TO PROVIDE A CERTIFICATE OF NUMBER MAY NOT BE ISSUED UNTIL AD VALOREM TAXES ARE PAID FOR THE YEAR IN WHICH THE CERTIFICATE IS ISSUED; TO AMEND SECTION 50-23-370, AS AMENDED, RELATING TO THE EXPIRATION AND RENEWAL OF WATERCRAFT CERTIFICATES OF NUMBER, SO AS TO PROVIDE FOR THE ISSUANCE OF RENEWAL NOTICES AND PROCESSING OF RENEWALS BY COUNTY AUDITORS, AND TO MAKE RENEWALS ANNUAL INSTEAD OF EVERY THREE YEARS, AND TO PROVIDE FOR THE IMPLEMENTATION OF THESE PROVISIONS OVER A THREE-YEAR PERIOD; BY ADDING SECTION 50-23-12 SO AS TO REQUIRE THE COMPLETION OF CERTAIN CHANGE IN STATUS FORMS FOR WATERCRAFT AND OUTBOARD MOTOR TRADE-INS; BY ADDING SECTION 50-23-35 SO AS TO PROVIDE FOR THE ISSUANCE OF WATERCRAFT TITLES UPON PROVIDING EVIDENCE OF AD VALOREM TAX PAYMENT, AND TO PROVIDE EXCEPTIONS; AND BY ADDING ARTICLE 26 TO CHAPTER 37, TITLE 12 SO AS TO PROVIDE PROCEDURES CONCERNING ASSESSMENTS AND PAYMENTS FOR PROPERTY TAXATION OF BOATS AND WATERCRAFT AND THE ISSUANCE OF CERTIFICATES OF NUMBER FOR BOATS AND WATERCRAFT.

***Summary of Bill:***

The bill amends the certification renewal for a watercraft from three years to one year. The amount of the fee will be changed to \$10 dollars each year rather than \$30 for 3 years. The bill prohibits the Department of Natural Resources from issuing duplicate decals when ad valorem taxes are outstanding.

***Estimated Revenue Impact:***

This bill will increase the Other Funds expenditures of the Department of Natural Resources (DNR) by \$7,660 in FY 2018-19, \$14,159 in FY 2019-20, \$82,121 in FY 2020-21, and \$115,305 in FY 2021-22 and each year thereafter. These increases take into account the additional

"THE BELOW CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT".

programming required to implement this bill, more frequent decal mailings, and savings resulting from the transfer of renewal mailings to the counties.

This bill will decrease the Other Funds revenues of DNR from boat, boat motor, and watercraft registrations by \$931,600 in FY 2018-19, \$1,339,730 in FY 2019-20, and \$395,820 in FY 2020-21. Other funds revenues of DNR will increase by \$65,080 in FY 2021-22 and each year thereafter.

This bill is expected to increase local government expenditures for the additional responsibilities imposed by the bill, but is also expected to reduce delinquent taxes for boats, boat motors, and watercraft and may reduce the expenses associated with collecting unpaid taxes for these items.

***Subcommittee Recommendation:***

Favorable with Amendment

***Other Notes/Comments:***

The amendment changes the implementation date to 2020 rather than 2019.



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 4715    Introduced on January 25, 2018  
**Author:** Kirby  
**Subject:** Watercraft  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Powell, A. Martin, Mitchell, and Gable  
**Impact Date:** February 28, 2018

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**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>State Expenditure</b>				
General Fund	\$0	\$0	\$0	\$0
Other and Federal	\$7,660	\$14,159	\$82,121	\$155,305
Full-Time Equivalent Position(s)	0.00	0.00	0.00	0.00
<b>State Revenue</b>				
General Fund	\$0	\$0		
Other and Federal	(\$931,600)	(\$1,339,730)	(\$395,820)	\$65,080
<b>Local Expenditure</b>	Undetermined	Undetermined	Undetermined	Undetermined
<b>Local Revenue</b>	Undetermined	Undetermined	Undetermined	Undetermined

**Fiscal Impact Summary**

This bill will increase the Other Funds expenditures of the Department of Natural Resources (DNR) by \$7,660 in FY 2018-19, \$14,159 in FY 2019-20, \$82,121 in FY 2020-21, and \$115,305 in FY 2021-22 and each year thereafter. These increases take into account the additional programming required to implement this bill, more frequent decal mailings, and savings resulting from the transfer of renewal notice mailings to the counties.

This bill will decrease the Other Funds revenues of DNR from boat, boat motor, and watercraft registrations by \$931,600 in FY 2018-19, \$1,339,730 in FY 2019-20, and \$395,820 in FY 2020-21. Other Funds revenues of DNR will increase by \$65,080 in FY 2021-22 and each year thereafter.

This bill is expected to increase local government expenditures for the additional responsibilities imposed by the bill, but is also expected to reduce delinquent taxes for boats, boat motors, and watercraft and may reduce the expenses associated with collecting unpaid taxes for these items. Due to the small sample size and varying nature of the responses received from the counties, the amount of the expenditure impact on local governments is undetermined. The bill makes changes to the timing of property tax collections on boats, boat motors, and watercraft and any impact on the timing of these revenues will depend upon the schedule of renewal and county implementation. Therefore, the revenue impact on local governments is undetermined.

## Explanation of Fiscal Impact

**Introduced on January 25, 2018**

### State Expenditure

The following sections will affect state expenditures:

**Sections 3 and 5.** These sections reduce the registration period for watercraft from three years to one year and reduce the corresponding registration fee from \$30 to \$10. They also transfer the responsibility to print and mail watercraft certificate of number renewal notices from the DNR to the county auditors. The county auditors will then process the applications, transmit the fees to the appropriate state fund, and notify DNR to issue a renewed certificate decal. The bill becomes effective January 1, 2019, and will be phased in over a three-year period as existing registrations expire.

Over the last three fiscal years, DNR has printed and mailed an average of 92,507 decals each year. The cost for printing and mailing each registration is \$0.72. As the bill is phased in, DNR will mail additional decals each year for three years until all boat registrations are on a one-year cycle. Based on DNR's predictions for future renewals, this bill will result in printing and mailing approximately 51,040 additional decals in FY 2019-20, 145,431 additional decals in FY 2020-21, and 191,521 each year thereafter.

DNR will also experience a reduction in expenditures associated with printing and mailing renewal notices, as this responsibility has been transferred to the county auditors. Currently, DNR mails these notices at an annual cost of \$22,590 for forms and postage. As notices will only be mailed by DNR prior to January 1, 2018, DNR will experience a reduction in Other Funds expenditures of \$11,295 in FY 2018-2019 and of \$22,590 each year thereafter.

The net impact of these changes is summarized in the following table:

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Number of Additional Decals	0	51,040	145,431	191,521
Cost for Additional Decals	\$0	\$36,749	\$104,711	\$137,895
Savings from Renewal Notice Mailings	(\$11,295)	(\$22,590)	(\$22,590)	(\$22,590)
Net Change in Other Funds Expenditures	(\$11,295)	\$14,159	\$82,121	\$115,305

DNR will also incur expenditures associated with developing a computer program to track remittances by county and to balance each of the county renewal files against actual receipts. Additional programming will also be needed to export files on a monthly basis listing registration renewals and new registrations. DNR estimates that this project will take a programmer and a database administrator working together four and a half weeks to complete at a cost of \$18,955. DNR also notes that South Carolina Interactive will also be required to update

its programming to implement the new fee and registration calculations in the titling/registration system. A cost estimate for this is not available, but DNR anticipates the impact will be minimal and can be managed within existing appropriations.

These items taken together will result in an increase in Other Funds expenditures at DNR of \$7,660 in FY 2018-19, \$14,159 in FY 2019-20, \$82,121 in FY 2020-21, and \$115,305 in FY 2021-22 and each year thereafter.

**State Revenue**

The following sections will affect state revenues:

**Section 1.** This section deals with fees for dealer demonstration numbers. It sets the fee at \$30 and sets an expiration date for dealer demonstration numbers. The Department of Natural Resources indicates that this section reflects its implementation of Article 3 of Title 50, Chapter 23 of the South Carolina Code of Laws. Therefore, there is no revenue impact associated with this section.

**Sections 3 and 5.** These sections reduce the registration period for watercraft from three years to one year and reduce the corresponding registration fee from \$30 to \$10. The bill becomes effective January 1, 2019, and will be phased in over a three-year period as existing registrations expire.

Approximately one-third of the existing \$30 three-year boat registrations will expire each year and be replaced with a one-year registration. DNR reports that the average Other Funds revenue for watercraft registrations over the last three years has been \$2,775,200 per year. As the three-year \$30 registrations expire and are replaced with one-year \$10 registrations, DNR’s annual revenues will be reduced until full implementation is reached.

The estimated change in Other Funds revenue compared to the average annual renewal revenue total of \$2,775,00 is summarized in the following table:

<b>FY</b>	<b>Forecasted Renewals</b>	<b>Registration Fee</b>	<b>Revenue</b>	<b>Change in Revenue</b>	<b>Cumulative Impact</b>
2018-19 (July-December)	46,090	\$30	\$1,382,700	\$0	\$0
2018-19 (January- June)	46,090	\$10	\$460,900	(\$931,600)	(\$931,600)
2019-20	143,547	\$10	\$1,435,470	(\$1,339,730)	(\$2,271,330)
2020-21	237,938	\$10	\$2,379,380	(\$395,820)	(\$2,667,150)
2021-22	284,028	\$10	\$2,840,280	\$65,080	(\$2,602,070)

**Local Expenditure**

This bill transfers the responsibility for printing and mailing watercraft certificate of number renewal notices from DNR to the county auditors. Local expenditures for these mailings will be \$22,500 annually statewide. Local governments may also incur costs associated with procuring

additional computers for data entry and/or customer service. The change in timing of tax notices so that these notices correspond with renewals may mitigate this impact and is expected to improve collections, which may reduce expenditures related to collecting delinquent taxes.

We surveyed twenty-three counties regarding the expenditure impact of this bill. We received three responses that provided information regarding expenditures or revenues. Saluda County noted that additional computer terminals would be needed to facilitate data entry and customer service at a cost of \$8,000 to \$10,000. Horry County did not anticipate an expenditure impact and noted that this bill may decrease the number of boats, boat motors, and watercraft on the unpaid property tax list, which would result in a small increase in revenue that would offset the required expenditures. Florence County also noted that this may decrease the number of boats, boat motors and watercraft on the unpaid property tax list but did not provide an estimated revenue or expenditure impact. Due to the small sample size and varying nature of the responses, the amount of the expenditure impact on local governments is undetermined.

### **Local Revenue**

This bill modifies the timing of collection for boats, boat motors, and watercraft subject to property tax, per Section 12-37-714. The tax year would begin with the last day of the month in which a certificate of number for the boat, boat motor, or watercraft is issued, and end of the last day of the month in which the certificate of number expires or is due to expire. No certificate of number may be issued until the property taxes are paid for the year for which the registration is to be issued. Currently, boat property taxes are paid on a one year delay. However, the bill states that it is the intent of the General Assembly that the provisions of this act result in only one tax payment due per boat, boat motor, or watercraft in any twelve-month period. We do not expect counties to bill taxpayers for the prior year's taxes and for the upcoming year when the registration changes from three years to one year. However, the bill does not specify how the transition must occur. If counties bill for both taxes in arrears and in advance during the transition, this would significantly increase revenue.

We estimate that statewide property tax collections from boats, boat motors, and watercraft total approximately \$54,512,000 annually. This estimate is based on the following responses from counties in response to our inquiry regarding boat, boat motor, and watercraft tax collections: Abbeville - \$165,000, Dillon - \$86,000, Kershaw - \$491,000, Oconee - \$1,088,000, Pickens - \$649,000, Richland - \$2,292,000 and Spartanburg - \$1,405,000. These values were prorated based upon the ratio of each county's total personal property assessed values to determine a statewide estimate. In summary, local property tax revenue collections are expected to shift between fiscal years during the transition. The impact on local revenue overall will depend on the change in timing of registrations and the implementation process. Therefore, the net impact is undetermined.



Frank A. Rainwater, Executive Director

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

BEESON/MORGAN  
MARCH 7, 2018

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CLERK OF THE HOUSE

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THE COMMITTEE ON WAYS AND MEANS PROPOSES THE  
FOLLOWING AMENDMENT NO. TO H. 4715  
(COUNCIL\WAB\4715C002.AGM.WAB18):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY  
DELETING ALL AFTER THE ENACTING WORDS AND  
INSERTING:**

**/SECTION 1. SECTION 50-23-11 OF THE 1976  
CODE, AS ADDED BY ACT 344 OF 2008, IS AMENDED  
BY ADDING A SUBSECTION AT THE END TO READ:**

**“(E) THE FEE FOR A DEALER DEMONSTRATION  
NUMBER IS THIRTY DOLLARS AND THE FEE MUST  
ACCOMPANY THE APPLICATION FOR EACH**

**DEMONSTRATION NUMBER. DEMONSTRATION NUMBERS EXPIRE ON DECEMBER THIRTY-FIRST OF EACH YEAR OR ON THE SAME DATE THE MARINE DEALER PERMIT UNDER WHICH THEY WERE ISSUED IS VOIDED, SURRENDERED, OR REVOKED. ALL REVENUE FROM EACH DEMONSTRATION NUMBER MUST BE USED TO SUPPORT THE MARINE INVESTIGATIONS SECTION OF THE DEPARTMENT.”**

**SECTION 2. SECTION 50-23-70 OF THE 1976 CODE, AS LAST AMENDED BY ACT 344 OF 2008, IS FURTHER AMENDED BY ADDING A SUBSECTION AT THE END TO READ:**

**“(E) THE DEPARTMENT MUST NOT ISSUE A DUPLICATE DOCUMENT FOR A CERTIFICATE OF NUMBER DECAL, CERTIFICATE OF NUMBER CARD, OUTBOARD MOTOR DECAL, OR WATERCRAFT TITLE DECAL IF THE DEPARTMENT HAS NOTICE THAT AD VALOREM TAXES ARE DUE.”**



**SECTION 3. SECTION 50-23-340 OF THE 1976 CODE IS AMENDED TO READ:**

**“SECTION 50-23-340. THE OWNER OF EACH MOTORBOAT REQUIRING NUMBERING BY THIS CHAPTER SHALL FILE AN APPLICATION FOR A NUMBER WITH THE DEPARTMENT ON FORMS APPROVED BY IT. THE APPLICATION SHALL BE SIGNED BY THE OWNER OF THE MOTORBOAT AND SHALL BE ACCOMPANIED BY A FEE OF ~~THIRTY~~ TEN DOLLARS. UPON RECEIPT OF THE APPLICATION IN APPROVED FORM, THE DEPARTMENT SHALL ENTER THE SAME UPON THE RECORDS OF ITS OFFICE AND ISSUE TO THE APPLICANT A CERTIFICATE OF NUMBER STATING THE NUMBER AWARDED TO THE MOTORBOAT AND THE NAME AND ADDRESS OF THE OWNER. THE CERTIFICATE OF NUMBER SHALL BE POCKET SIZE.”**

**SECTION 4. SECTION 50-23-345(A) OF THE 1976 CODE, AS LAST AMENDED BY ACT 344 OF 2008, IS FURTHER AMENDED TO READ:**

**“(A) A TRANSFEREE SHALL UTILIZE THE TEMPORARY CERTIFICATE OF NUMBER ON THE DEPARTMENT’S APPLICATION FORM AS A TEMPORARY CERTIFICATE OF NUMBER TO PERMIT THE USE OF WATERCRAFT WHILE APPLICATIONS FOR CERTIFICATES OF NUMBER ARE PROCESSED. TEMPORARY CERTIFICATES OF NUMBER APPLY TO NEW AND PREVIOUSLY OWNED WATERCRAFT. A TEMPORARY CERTIFICATE IS VALID FOR NOT MORE THAN SIXTY DAYS FROM THE DATE OF PURCHASE. NO TEMPORARY CERTIFICATE OF NUMBER MAY BE ISSUED FOR A BOAT, BOAT MOTOR, OR WATERCRAFT UNTIL THE AD VALOREM TAX IS PAID FOR THE YEAR FOR WHICH THE REGISTRATION IS TO BE ISSUED.”**

**SECTION 5.A. SECTION 50-23-370 OF THE 1976 CODE, AS LAST AMENDED BY ACT 344 OF 2008, IS FURTHER AMENDED TO READ:**

**“SECTION 50-23-370. (A) EXCEPT AS OTHERWISE PROVIDED, A CERTIFICATE OF NUMBER AWARDED PURSUANT TO THIS CHAPTER CONTINUES IN EFFECT FOR ~~THREE YEARS~~ ONE YEAR UNLESS SOONER TERMINATED OR DISCONTINUED IN ACCORDANCE WITH THIS CHAPTER. ~~CERTIFICATES~~ A CERTIFICATE OF NUMBER MAY BE RENEWED BY THE OWNER ~~IN THE SAME MANNER PROVIDED FOR IN THE INITIAL SECURING OF THE CERTIFICATES~~ AS PROVIDED IN SUBSECTION (B). THE DEPARTMENT SHALL FIX A ~~DAY AND~~ MONTH OF THE YEAR ON WHICH CERTIFICATES OF NUMBER EXPIRE UNLESS RENEWED PURSUANT TO THIS CHAPTER.**

**(B)(1) BEGINNING JANUARY 1, 2020, EACH COUNTY AUDITOR ANNUALLY SHALL MAIL WATERCRAFT CERTIFICATE OF NUMBER RENEWAL NOTICES TO THE OWNERS OF WATERCRAFT IN THE COUNTY AS DETERMINED BY THE DEPARTMENT OF NATURAL RESOURCES NO LATER THAN FORTY-FIVE DAYS BEFORE EXPIRATION OF THE CERTIFICATE. THE RENEWAL NOTICES, INCLUDING THE FEES UPON COMPLETION, MUST BE RETURNED TO THAT COUNTY WHICH SHALL:**

(A) PROCESS THE APPLICATION AND, IF GRANTING THE RENEWAL, NOTIFY THE DEPARTMENT TO ISSUE A RENEWED CERTIFICATE AND DECAL;

(B) TRANSMIT THE PROCESSED RENEWAL NOTICES TO THE DEPARTMENT WITHIN SEVEN DAYS; AND

(C) TRANSMIT THE FEES, INCLUDING ANY LATE FEES, TO THE APPROPRIATE STATE FUND.

(2) EACH COUNTY AUDITOR MUST HAVE ACCESS TO THE MOTORBOAT TITLING AND REGISTRATION RECORDS OF THE DEPARTMENT AS APPLICABLE TO THE COUNTY AUDITOR IN THE MANNER THE COUNTY AUDITOR AND DEPARTMENT AGREE FOR THE PURPOSE OF THE COUNTY AUDITOR PERFORMING THE FUNCTIONS REQUIRED IN ITEM (1).

(3) THE DEPARTMENT MAY NOT CHARGE COUNTIES FOR ONLINE ACCESS NETWORK FEES FOR WATERCRAFT AND OWNER INFORMATION.

(4) IF A CERTIFICATE OF NUMBER IS NOT APPROVED IMMEDIATELY BY THE DEPARTMENT, AN OWNER MAY OPERATE UNDER A PAID TAX RECEIPT FOR THIRTY DAYS.

~~(B)~~(C)(1) A RENEWAL APPLICATION FOR A CERTIFICATE OF NUMBER, EXCEPT THOSE FROM MARINE DEALERS, PRESENTED AFTER THIRTY DAYS FROM ITS EXPIRATION DATE IS SUBJECT TO A LATE PENALTY OF FIFTEEN DOLLARS.

(2) A RENEWAL APPLICATION FOR A CERTIFICATE OF NUMBER PRESENTED AFTER SIXTY DAYS FROM ITS EXPIRATION DATE IS SUBJECT TO A LATE PENALTY OF THIRTY DOLLARS.”

**B. (A) BEGINNING JANUARY 1, 2020, THE PROVISIONS OF SECTION 5.A. OF THIS ACT WILL BE PHASED IN OVER A THREE-YEAR PERIOD AS CERTIFICATE OF NUMBERS EXPIRE. ANY CERTIFICATE OF NUMBER AWARDED PRIOR TO JANUARY 1, 2020, WILL REMAIN IN EFFECT FOR THE FULL THREE-YEAR TERM UNLESS TERMINATED OR DISCONTINUED BY**

**THE DEPARTMENT OF NATURAL RESOURCES. CERTIFICATE OF NUMBERS AWARDED AFTER JANUARY 1, 2020, WILL BECOME EFFECTIVE ON AN ANNUAL BASIS. FULL IMPLEMENTATION OF SECTION 5.A. OF THIS ACT BEGINS ON DECEMBER 31, 2022.**

**(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE PROVISIONS OF THIS ACT RESULT IN ONLY ONE TAX PAYMENT DUE PER BOAT, BOAT MOTOR, OR WATERCRAFT IN ANY TWELVE-MONTH PERIOD. ALL INTERPRETATION AND IMPLEMENTATION OF THIS ACT SHOULD BE CONSISTENT WITH THIS INTENT.**

**SECTION 6. ARTICLE 1, CHAPTER 23, TITLE 50 OF THE 1976 CODE IS AMENDED BY ADDING:**

**“SECTION 50-23-12. A PERMITTED MARINE DEALER THAT ACCEPTS ANY WATERCRAFT OR OUTBOARD MOTOR AS A TRADE-IN MUST OBTAIN FROM THE OWNER A COMPLETED CHANGE IN STATUS FORM INDICATING THE TRADE-IN. THE DEALER MUST SUBMIT THE FORM TO THE DEPARTMENT WITHIN THIRTY DAYS IN THE MANNER PRESCRIBED.”**

**SECTION 7. ARTICLE 1, CHAPTER 23, TITLE 50 OF THE 1976 CODE IS AMENDED BY ADDING:**

**“SECTION 50-23-35. (A) NO TITLE FOR A WATERCRAFT OR OUTBOARD MOTOR MAY BE ISSUED BY THE DEPARTMENT IF CURRENTLY TITLED IN THIS STATE OR TITLED OR REGISTERED IN ANOTHER STATE UNLESS IT IS ACCOMPANIED BY A RECEIPT FROM THE APPLICANT'S APPROPRIATE COUNTY OFFICIAL STATING PAYMENT OF AD VALOREM TAXES DUE FOR THE TAX YEAR IN WHICH THE OWNERSHIP WAS INITIATED HAS BEEN PAID. APPLICATIONS SUBMITTED MORE THAN ONE YEAR AFTER OWNERSHIP WAS INITIATED MUST BE ACCOMPANIED BY PAID TAX RECEIPTS FOR ALL SUBSEQUENT YEARS UP TO THE DATE THE APPLICATION WAS ACCEPTED BY THE DEPARTMENT.**

**(B) A TITLE FOR A WATERCRAFT OR OUTBOARD MOTOR SOLD BY A PERMITTED MARINE DEALER IS EXEMPT FROM THE REQUIREMENT FOR A PAID TAX RECEIPT AND MAY BE TITLED BY THE DEPARTMENT WITHOUT THE RECEIPT INDICATING AD VALOREM TAXES HAVE BEEN PAID. THE DEPARTMENT MUST TRANSMIT DAILY A LIST OF THE TITLES AND CERTIFICATES OF REGISTRATIONS ISSUED UNDER THIS EXEMPTION TO THE RESPECTIVE COUNTY OFFICIAL FOR COLLECTION OF AD VALOREM TAXES.**

**(C) NO RECEIPT IS REQUIRED FOR A WATERCRAFT OR OUTBOARD MOTOR DESIGNATED AS EXEMPT FROM AD VALOREM TAXES BY THE APPROPRIATE COUNTY OFFICIAL, PROVIDED THAT EACH COUNTY MAKES SUCH A DETERMINATION WHEN A WATERCRAFT OR OUTBOARD MOTOR IS TITLED IN THEIR RESPECTIVE COUNTY.”**

**SECTION 8. CHAPTER 37, TITLE 12 OF THE 1976 CODE IS AMENDED BY ADDING:**

**“ARTICLE 26**

**BOATS AND WATERCRAFT**

**SECTION 12-37-3200. THE TAX YEAR FOR BOATS, BOAT MOTORS, AND WATERCRAFT SUBJECT TO PROPERTY TAX PURSUANT TO SECTION 12-37-714 BEGINS WITH THE LAST DAY OF THE MONTH IN WHICH A CERTIFICATE OF NUMBER REQUIRED BY SECTION 50-23-370 IS ISSUED AND ENDS ON THE LAST DAY OF THE MONTH IN WHICH THE CERTIFICATE OF NUMBER EXPIRES OR IS DUE TO EXPIRE. NO CERTIFICATE OF NUMBER MAY BE ISSUED FOR A BOAT, BOAT MOTOR, OR WATERCRAFT UNTIL THE AD VALOREM TAX IS PAID FOR THE YEAR FOR WHICH THE REGISTRATION IS TO BE ISSUED. ALL AD VALOREM TAXES ON A BOAT, BOAT MOTOR, OR WATERCRAFT ARE DUE AND PAYABLE ONE HUNDRED TWENTY DAYS FROM THE DATE OF PURCHASE.**

**SECTION 12-37-3210. (A) THE AUDITOR SHALL PREPARE A TAX NOTICE FOR ALL BOATS, BOAT MOTORS, AND WATERCRAFT OWNED BY THE SAME PERSON AND TITLED AT THE SAME TIME FOR EACH TAX YEAR. A NOTICE MUST DESCRIBE THE BOATS, BOAT MOTORS, OR WATERCRAFT BY NAME, MODEL, AND IDENTIFICATION NUMBER. THE NOTICE MUST SET FORTH THE ASSESSED VALUE OF THE BOAT, THE MILLAGE, THE TAXES DUE ON EACH BOAT, AND THE TAX YEAR. THE NOTICE MUST BE DELIVERED TO THE COUNTY TREASURER OR OFFICIAL CHARGED WITH THE COLLECTION OF TAXES, WHO MUST COLLECT OR RECEIVE PAYMENT OF THE TAXES. ONE COPY OF THE NOTICE MUST BE IN THE FORM OF A BILL OR STATEMENT FOR THE TAXES DUE ON THE BOAT AND, WHEN PRACTICAL, THE AUDITOR SHALL MAIL THAT COPY TO THE OWNER OF THE BOAT. WHEN THE TAX AND ALL OTHER CHARGES INCLUDED ON THE TAX BILL HAVE BEEN PAID, THE COUNTY TREASURER OR OFFICIAL CHARGED WITH THE COLLECTIONS OF TAXES SHALL ISSUE THE TAXPAYER A PAID RECEIPT ONCE ALL CHARGES ON THE TAX BILL INCLUDING THE TAXES HAVE BEEN PAID. THE RECEIPT OR A COPY MAY BE DELIVERED BY THE TAXPAYER TO THE DEPARTMENT OF NATURAL RESOURCES WITH EITHER THE APPLICATION FOR AND ISSUANCE OF NUMBER AND CERTIFICATE REFERENCED IN SECTION 50-23-340 OR THE RENEWAL APPLICATION FOR A CERTIFICATE OF NUMBER REFERENCED IN SECTION 50-23-370. A RECORD OF THE PAYMENT OF THE TAX MUST BE RETAINED BY THE TREASURER. THE AUDITOR SHALL MAINTAIN A SEPARATE DUPLICATE FOR BOATS, BOAT MOTORS, AND WATERCRAFT. NO CERTIFICATE OF NUMBER MAY BE ISSUED BY THE DEPARTMENT OF NATURAL RESOURCES UNLESS THE APPLICATION IS ACCOMPANIED BY THE RECEIPT, OR NOTICE FROM THE COUNTY TREASURER, BY OTHER MEANS SATISFACTORY TO THE DEPARTMENT OF NATURAL RESOURCES, OF PAYMENT OF THE TAX.**

**(B) TAX BILLS (NOTICES) FOR COUNTY-ASSESSED PERSONAL PROPERTY VALUED IN ACCORDANCE WITH APPLICABLE DEPARTMENT**

**OF REVENUE REGULATIONS MUST INCLUDE NOTIFICATION OF THE TAXPAYER'S APPEAL RIGHTS, TO INCLUDE A MINIMUM AMOUNT OF INFORMATION OF HOW THE TAXPAYER SHOULD FILE HIS APPEAL, TO WHOM, AND WITHIN WHAT TIME PERIOD.**

**SECTION 12-37-3220. WHEN A BOAT, BOAT MOTOR, OR WATERCRAFT IS FIRST TAXABLE IN A COUNTY, THE OWNER SHALL MAKE A PROPERTY TAX RETURN PRIOR TO SUBMITTING THE APPLICATION FOR AND ISSUANCE OF NUMBER AND CERTIFICATE AS REFERENCED IN SECTION 50-23-340. THE RETURN MUST BE MADE TO THE AUDITOR OF THE COUNTY IN WHICH THE OWNER RESIDES. THE RETURN MUST BE SIGNED UNDER OATH AND MUST SET FORTH THE COUNTY, SCHOOL DISTRICT, SPECIAL OR TAX DISTRICT, AND MUNICIPALITY IN WHICH THE BOAT, BOAT MOTOR, OR WATERCRAFT IS PRINCIPALLY LOCATED.**

**SECTION 12-37-3230. THE COUNTY AUDITOR SHALL DETERMINE THE ASSESSED VALUE OF BOATS, BOAT MOTORS, AND WATERCRAFT AND SHALL CALCULATE THE AMOUNT OF TAXES DUE ON THE PROPERTY.**

**SECTION 12-37-3240. THE PROVISIONS OF THIS ARTICLE DO NOT APPLY TO A BOAT, BOAT MOTOR, OR WATERCRAFT EXEMPT FROM AD VALOREM TAXATION PURSUANT TO SECTION 12-37-220(B)(38)(A) OR CLASSIFIED AS A PRIMARY OR SECONDARY RESIDENCE PURSUANT TO SECTION 12-37-224(B)."**

**SECTION 9. THIS ACT TAKES EFFECT JANUARY 1, 2020. /**

**RENUMBER SECTIONS TO CONFORM.**

**AMEND TITLE TO CONFORM.**

**South Carolina General Assembly**  
122nd Session, 2017-2018

**H. 4715**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Kirby, Ott, Hiott, Hixon, Chumley, Burns, Johnson, Duckworth, Wheeler, Dillard, Forrest and Atkinson

Document Path: l:\council\bill\bh\7171wab18.docx

Companion/Similar bill(s): 1051

Introduced in the House on January 25, 2018

Currently residing in the House Committee on **Ways and Means**

Summary: Watercraft and outboard motor trade-ins, status forms

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/25/2018	House	Introduced and read first time ( <u>House Journal-page 3</u> )
1/25/2018	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 3</u> )

View the latest legislative information at the website

**VERSIONS OF THIS BILL**

1/25/2018



1  
2  
3  
4  
5  
6  
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**A BILL**

TO AMEND SECTION 50-23-11, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO WATERCRAFT DEALER DEMONSTRATION NUMBERS, SO AS TO PROVIDE FOR A THIRTY-DOLLAR APPLICATION FEE, TO PROVIDE FOR THE EXPIRATION OF DEMONSTRATION NUMBERS, AND TO PROVIDE FOR THE USE OF FEE REVENUE; TO AMEND SECTION 50-23-70, AS AMENDED, RELATING TO MOTORCRAFT CERTIFICATE OF NUMBER FEES AND DECALS, SO AS TO PROHIBIT THE DEPARTMENT OF NATURAL RESOURCES FROM ISSUING DUPLICATE DECALS WHEN AD VALOREM TAXES ARE OUTSTANDING; TO AMEND SECTION 50-23-340, RELATING TO THE APPLICATION FEE FOR WATERCRAFT CERTIFICATE OF NUMBERS, SO AS TO REDUCE THE FEE TO TEN DOLLARS; TO AMEND SECTION 50-23-345, AS AMENDED, RELATING TO TEMPORARY WATERCRAFT CERTIFICATE OF NUMBERS, SO AS TO PROVIDE A CERTIFICATE OF NUMBER MAY NOT BE ISSUED UNTIL AD VALOREM TAXES ARE PAID FOR THE YEAR IN WHICH THE CERTIFICATE IS ISSUED; TO AMEND SECTION 50-23-370, AS AMENDED, RELATING TO THE EXPIRATION AND RENEWAL OF WATERCRAFT CERTIFICATES OF NUMBER, SO AS TO PROVIDE FOR THE ISSUANCE OF RENEWAL NOTICES AND PROCESSING OF RENEWALS BY COUNTY AUDITORS, AND TO MAKE RENEWALS ANNUAL INSTEAD OF EVERY THREE YEARS, AND TO PROVIDE FOR THE IMPLEMENTATION OF THESE PROVISIONS OVER A THREE-YEAR PERIOD; BY ADDING SECTION 50-23-12 SO AS TO REQUIRE THE COMPLETION OF CERTAIN CHANGE IN STATUS FORMS FOR WATERCRAFT AND OUTBOARD MOTOR TRADE-INS; BY ADDING SECTION 50-23-35 SO AS TO PROVIDE FOR THE ISSUANCE OF WATERCRAFT

1 TITLES UPON PROVIDING EVIDENCE OF AD VALOREM  
2 TAX PAYMENT, AND TO PROVIDE EXCEPTIONS; AND BY  
3 ADDING ARTICLE 26 TO CHAPTER 37, TITLE 12 SO AS TO  
4 PROVIDE PROCEDURES CONCERNING ASSESSMENTS  
5 AND PAYMENTS FOR PROPERTY TAXATION OF BOATS  
6 AND WATERCRAFT AND THE ISSUANCE OF  
7 CERTIFICATES OF NUMBER FOR BOATS AND  
8 WATERCRAFT.

9

10 Be it enacted by the General Assembly of the State of South  
11 Carolina:

12

13 SECTION 1. Section 50-23-11 of the 1976 Code, as added by Act  
14 344 of 2008, is amended by adding a subsection at the end to read:

15

16 “(E) The fee for a dealer demonstration number is thirty dollars  
17 and the fee must accompany the application for each demonstration  
18 number. Demonstration numbers expire on December thirty-first of  
19 each year or on the same date the marine dealer permit under which  
20 they were issued is voided, surrendered, or revoked. All revenue  
21 from each demonstration number must be used to support the  
22 Marine Investigations section of the department.”

23

24 SECTION 2. Section 50-23-70 of the 1976 Code, as last amended  
25 by Act 344 of 2008, is further amended by adding a subsection at  
26 the end to read:

27

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

32

33 SECTION 3. Section 50-23-340 of the 1976 Code is amended to  
34 read:

35

36 “Section 50-23-340. The owner of each motorboat requiring  
37 numbering by this chapter shall file an application for a number with  
38 the department on forms approved by it. The application shall be  
39 signed by the owner of the motorboat and shall be accompanied by  
40 a fee of ~~thirty~~ ten dollars. Upon receipt of the application in  
41 approved form, the department shall enter the same upon the records  
42 of its office and issue to the applicant a certificate of number stating

1 the number awarded to the motorboat and the name and address of  
2 the owner. The certificate of number shall be pocket size.”

3  
4 SECTION 4. Section 50-23-345(A) of the 1976 Code, as last  
5 amended by Act 344 of 2008, is further amended to read:

6  
7 “(A) A transferee shall utilize the temporary certificate of number  
8 on the department’s application form as a temporary certificate of  
9 number to permit the use of watercraft while applications for  
10 certificates of number are processed. Temporary certificates of  
11 number apply to new and previously owned watercraft. A temporary  
12 certificate is valid for not more than sixty days from the date of  
13 purchase. No temporary certificate of number may be issued for a  
14 boat, boat motor, or watercraft until the ad valorem tax is paid for  
15 the year for which the registration is to be issued.”

16  
17 SECTION 5. A. Section 50-23-370 of the 1976 Code, as last  
18 amended by Act 344 of 2008, is further amended to read:

19  
20 “Section 50-23-370. (A) Except as otherwise provided, a  
21 certificate of number awarded pursuant to this chapter continues in  
22 effect for ~~three years~~ one year unless sooner terminated or  
23 discontinued in accordance with this chapter. ~~Certificates A~~  
24 certificate of number may be renewed by the owner ~~in the same~~  
25 manner provided for in the initial securing of the certificates as  
26 provided in subsection (B). The department shall fix a ~~day and~~  
27 month of the year on which certificates of number expire unless  
28 renewed pursuant to this chapter.

29 (B)(1) Beginning January 1, 2019, each county auditor annually  
30 shall mail watercraft certificate of number renewal notices to the  
31 owners of watercraft in the county as determined by the Department  
32 of Natural Resources no later than forty-five days before expiration  
33 of the certificate. The renewal notices, including the fees upon  
34 completion, must be returned to that county which shall:

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

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

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

41 (2) Each county auditor must have access to the motorboat  
42 titling and registration records of the department as applicable to the  
43 county auditor in the manner the county auditor and department

1 agree for the purpose of the county auditor performing the functions  
2 required in item (1).

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

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

8 ~~(B)(C)(1)~~A renewal application for a certificate of number,  
9 except those from marine dealers, presented after thirty days from  
10 its expiration date is subject to a late penalty of fifteen dollars.

11 (2) A renewal application for a certificate of number  
12 presented after sixty days from its expiration date is subject to a late  
13 penalty of thirty dollars.”

14  
15 B. (A) Beginning January 1, 2019, the provisions of SECTION  
16 5.A. of this act will be phased in over a three-year period as  
17 certificate of numbers expire. Any certificate of number awarded  
18 prior to January 1, 2019, will remain in effect for the full three-year  
19 term unless terminated or discontinued by the Department of  
20 Natural Resources. Certificate of numbers awarded after January 1,  
21 2019, will become effective on an annual basis. Full implementation  
22 of SECTION 5.A. of this act begins on December 31, 2021.

23 (B) It is the intent of the General Assembly that the provisions  
24 of this act result in only one tax payment due per boat, boat motor,  
25 or watercraft in any twelve-month period. All interpretation and  
26 implementation of this act should be consistent with this intent.

27  
28 SECTION 6. Article 1, Chapter 23, Title 50 of the 1976 Code is  
29 amended by adding:

30  
31 “Section 50-23-12. A permitted marine dealer that accepts any  
32 watercraft or outboard motor as a trade-in must obtain from the  
33 owner a completed change in status form indicating the trade-in. The  
34 dealer must submit the form to the department within thirty days in  
35 the manner prescribed.”

36  
37 SECTION 7. Article 1, Chapter 23, Title 50 of the 1976 Code is  
38 amended by adding:

39  
40 “Section 50-23-35. (A) No title for a watercraft or outboard  
41 motor may be issued by the department if currently titled in this  
42 State or titled or registered in another state unless it is accompanied  
43 by a receipt from the applicant’s appropriate county official stating

1 payment of ad valorem taxes due for the tax year in which the  
2 ownership was initiated has been paid. Applications submitted more  
3 than one year after ownership was initiated must be accompanied by  
4 paid tax receipts for all subsequent years up to the date the  
5 application was accepted by the department.

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

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

18  
19 SECTION 8. Chapter 37, Title 12 of the 1976 Code is amended by  
20 adding:

21  
22 “Article 26

23  
24 Boats and Watercraft

25  
26 Section 12-37-3200. The tax year for boats, boat motors, and  
27 watercraft subject to property tax pursuant to Section 12-37-714  
28 begins with the last day of the month in which a certificate of  
29 number required by Section 50-23-370 is issued and ends on the last  
30 day of the month in which the certificate of number expires or is due  
31 to expire. No certificate of number may be issued for a boat, boat  
32 motor, or watercraft until the ad valorem tax is paid for the year for  
33 which the registration is to be issued. All ad valorem taxes on a boat,  
34 boat motor, or watercraft are due and payable one hundred twenty  
35 days from the date of purchase.

36  
37 Section 12-37-3210. (A) The auditor shall prepare a tax notice  
38 for all boats, boat motors, and watercraft owned by the same person  
39 and titled at the same time for each tax year. A notice must describe  
40 the boats, boat motors, or watercraft by name, model, and  
41 identification number. The notice must set forth the assessed value  
42 of the boat, the millage, the taxes due on each boat, and the tax year.  
43 The notice must be delivered to the county treasurer or official

1 charged with the collection of taxes, who must collect or receive  
2 payment of the taxes. One copy of the notice must be in the form of  
3 a bill or statement for the taxes due on the boat and, when practical,  
4 the auditor shall mail that copy to the owner of the boat. When the  
5 tax and all other charges included on the tax bill have been paid, the  
6 county treasurer or official charged with the collections of taxes  
7 shall issue the taxpayer a paid receipt once all charges on the tax bill  
8 including the taxes have been paid. The receipt or a copy may be  
9 delivered by the taxpayer to the Department of Natural Resources  
10 with either the application for and issuance of number and certificate  
11 referenced in Section 50-23-340 or the renewal application for a  
12 certificate of number referenced in Section 50-23-370. A record of  
13 the payment of the tax must be retained by the treasurer. The auditor  
14 shall maintain a separate duplicate for boats, boat motors, and  
15 watercraft. No certificate of number may be issued by the  
16 Department of Natural Resources unless the application is  
17 accompanied by the receipt, or notice from the county treasurer, by  
18 other means satisfactory to the Department of Natural Resources, of  
19 payment of the tax.

20 (B) Tax bills (notices) for county-assessed personal property  
21 valued in accordance with applicable Department of Revenue  
22 regulations must include notification of the taxpayer's appeal rights,  
23 to include a minimum amount of information of how the taxpayer  
24 should file his appeal, to whom, and within what time period.  
25

26 Section 12-37-3220. When a boat, boat motor, or watercraft is  
27 first taxable in a county, the owner shall make a property tax return  
28 prior to submitting the application for and issuance of number and  
29 certificate as referenced in Section 50-23-340. The return must be  
30 made to the auditor of the county in which the owner resides. The  
31 return must be signed under oath and must set forth the county,  
32 school district, special or tax district, and municipality in which the  
33 boat, boat motor, or watercraft is principally located.  
34

35 Section 12-37-3230. The county auditor shall determine the  
36 assessed value of boats, boat motors, and watercraft and shall  
37 calculate the amount of taxes due on the property.  
38

39 Section 12-37-3240. The provisions of this article do not apply  
40 to a boat, boat motor, or watercraft exempt from ad valorem taxation  
41 pursuant to Section 12-37-220(B)(38)(a) or classified as a primary  
42 or secondary residence pursuant to Section 12-37-224(B)."  
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1 SECTION 9. This act takes effect January 1, 2019.

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