



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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

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**Bill Number:** H. 3771 Introduced on January 16, 2025  
**Subject:** Marine Recovery Insurance  
**Requestor:** House Labor, Commerce, and Industry  
**RFA Analyst(s):** Welsh  
**Impact Date:** February 27, 2026

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### Fiscal Impact Summary

This bill requires owners of boats anchored in South Carolina waters for more than 14 days to maintain marine recovery insurance. This bill also requires those seeking marine recovery insurance to provide a vessel survey to their insurer that includes a declaration that the boat is seaworthy and able to move under its own power. Failure to maintain this insurance is a misdemeanor punishable by imprisonment up to thirty days and a fine of up to \$500.

The Department of Insurance (DOI) anticipates this bill will have no expenditure impact as the agency can manage any additional responsibilities due to this bill with existing staff and within existing appropriations.

Judicial anticipates this bill may result in an increase in the number of cases in local courts, which may increase the workload of the court system and downstream expenses such as court interpreting. The potential increase will depend on the number of people who are currently engaging in conduct that will now be deemed contrary to the law and how vigorously the law will be enforced. Judicial anticipates the increased expenses can be initially managed within existing appropriations. However, Judicial indicated that if the increase in the caseload and corresponding downstream expenses is significant, it will request additional General Fund appropriations.

DOI anticipates this bill may result in an increase in the number of individuals maintaining marine recovery insurance. Insurance premiums are taxed at 1.25 percent. Insurance premium tax revenue is distributed 2.25 percent to Other Funds and 97.75 percent to the General Fund. Therefore, this bill may increase the General Fund and Other Fund revenue depending upon the increase in premiums for marine recovery insurance.

The Revenue and Fiscal Affairs Office (RFA) contacted all counties in the state and the Municipal Association of South Carolina (MASC) to determine the potential expenditure impact this bill may have for local governments. We received a response from Charleston County, Florence County, Lancaster County, and MASC. Charleston, Florence, and Lancaster Counties indicate that the bill will have no expenditure impact. Additionally, MASC anticipates this bill will have an undetermined impact on municipal courts dependent upon the number of people who are currently engaging in conduct that will now be deemed contrary to the law and how vigorously the law will be enforced.

This bill may result in an increase in the number of local court cases and potentially the number of incarcerations, which may increase the workload of the court system and local jails. The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. Judicial anticipates that the potential increase in caseload can be managed within existing appropriations. The potential increase in expenses for local jails will depend upon the increase in the number of cases and number of incarcerations.

This bill may result in a change in the fines and fees collected in court due to the potential increase in the caseload in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in a change to local revenue due to the change in fines and fees collections in court.

## **Explanation of Fiscal Impact**

### **Introduced on January 16, 2025**

#### **State Expenditure**

This bill requires owners of boats anchored in South Carolina waters for more than 14 days to maintain marine recovery insurance. This bill also requires those seeking marine recovery insurance to provide a vessel survey to their insurer that includes a declaration that the boat is seaworthy and able to move under its own power. Violations of this provision results in a misdemeanor punishable by imprisonment up to thirty days and a fine of up to \$500.

DOI anticipates this bill will have no expenditure impact as the agency can manage any additional responsibilities due to this bill with existing staff and within existing appropriations.

Judicial anticipates this bill may result in an increase in the number of cases in local courts, which may increase the workload of the court system and downstream expenses such as court interpreting. The potential increase will depend on the number of people who are currently engaging in conduct that will now be deemed contrary to the law and how vigorously the law will be enforced. Judicial anticipates the increased expenses can be initially managed within existing appropriations. However, Judicial indicated that if the increase in the caseload and corresponding downstream expenses is significant, it will request additional General Fund appropriations.

#### **State Revenue**

Based on DOI's response, we anticipate this bill may result in an increase in the number of individuals maintaining marine recovery insurance. Insurance premiums are taxed at 1.25 percent. Insurance premium tax revenue is distributed 2.25 percent to Other Funds and 97.75 percent to the General Fund. Therefore, this bill may increase the General Fund and Other Fund revenue depending upon the increase in premiums for marine recovery insurance.

This bill may result in a change in the fines and fees collected in court due to the potential increase in the caseload in court. Court fines and fees are distributed to the General Fund, Other

Funds, and local funds. Therefore, RFA anticipates this bill may result in a change to local revenue due to the change in fines and fees collections in court.

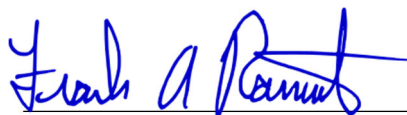
### **Local Expenditure**

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Frank A. Rainwater, Executive Director