



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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<b>Bill Number:</b>	S. 0367	Introduced on February 20, 2025
<b>Subject:</b>	Abandoned Vessels, Derelict Vessels, and Sunken Vessels	
<b>Requestor:</b>	Senate Fish, Game, and Forestry	
<b>RFA Analyst(s):</b>	Daigle	
<b>Impact Date:</b>	March 11, 2025	

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### Fiscal Impact Summary

This bill repeals the existing provisions dealing with abandoned watercraft and seizure of abandoned watercraft, and replaces them with new requirements for abandoned, derelict, and sunken vessels. This bill also creates two new offenses dealing with abandoned, derelict, or sunken vessels. This bill states that fines collected from the violations must be used by the Department of Natural Resources (DNR) for the removal and disposal of abandoned, derelict, and sunken vessels, and the magistrates court will preside over cases dealing with these vessels. This bill creates protocols for DNR and local law enforcement agencies to follow when dealing with derelict, abandoned, and sunken vessels including new procedures for derelict and abandoned vessel notices. This bill states that any person may remove and dispose of derelict, abandoned, and sunken vessels, and that civil action may be taken against responsible parties to recover the costs of removal and disposal, attorney's fees, and court costs. This bill requires the Department of Environmental Services (DES), in cooperation with DNR, to develop and maintain an application and website for law enforcement and the public to report vessels that are wrecked, junked, in a state of disrepair, or that have sunk. This bill allows DNR or a designated person to remove vessels that are determined to be a significant navigational or environmental hazard by both directors of DNR and DES. This bill takes effect upon approval by the Governor.

Judicial anticipates that any increase in cases can be initially managed within existing appropriations, but if this bill results in a significant increase in magistrates court cases, Judicial will request an increase in General Fund appropriations.

This bill may increase DNR's workload in order to comply with the new protocols for derelict and abandoned vessel notices, for the removal of derelict, abandoned, and sunken vessels, and to enforce the requirements of this bill. Therefore, DNR estimates that this bill will increase department expenses by approximately \$222,000 of recurring expenses beginning in FY 2025-26 and \$170,000 of non-recurring expenses in FY 2025-26. Recurring expenses include \$202,000 for salary and fringe to hire 2.0 FTEs, Additional Aids to Navigation (ATON) officers, and \$20,000 for operating expenses for the new FTEs. Non-recurring expenses include \$170,000 for equipment for the ATONs. DNR indicates that it will request General Fund appropriations to fund the expenses due to this bill.

DES indicates that this bill may have an undetermined expenditure impact on the department in order to develop and maintain an application and website for reporting vessels that are wrecked,

junked, in a state of disrepair, or that have sunk. The department currently maintains a website and application that tracks abandoned vessels, the MyCoast app. However, the MyCoast app only covers the coastal zone of South Carolina at this time. Therefore, expanding the application to the remainder of the state may involve an increase in expenses for the department. DES indicates that the app is currently provided through a third-party vendor, and the department has contacted the vendor to ascertain a cost estimate for the expansion of coverage required by this bill but has not yet received the estimate. DES indicates that it will request General Fund appropriations to fund these expenses.

This bill will impact Other Fund revenue for DNR by an undetermined amount due to the newly created misdemeanors and corresponding fines. This bill states that fines collected from the violations of the provisions in this bill must be used by DNR for the removal and disposal of abandoned, derelict, and sunken vessels. The increase in Other Funds will depend upon the number of fines levied and the collectability of the fines.

This bill may also result in a change in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, the Revenue and Fiscal Affairs Office (RFA) anticipates this bill may result in a change to General Fund, Other Funds, and local revenue due to the change in fines and fees collections in court.

This bill will increase local expenditures by an undetermined amount. RFA surveyed the counties and contacted the Municipal Association of South Carolina (MASC) to determine the potential expenditure impact of this bill and received a response from MASC and Horry County. MASC indicates that this bill will increase expenses for local law enforcement by an undetermined amount. MASC anticipates that municipalities will incur modest costs to establish local policies and procedures in accordance with this bill, train officers to comply with the provisions of this bill, and to cover ongoing administrative expenses. Additionally, there may be an increase in costs for municipal governments to locally establish definitions and standards for removal plans, as the bill does not define “bona fide plan of removal.” Horry County indicates that this bill may require additional manpower in order to investigate and address removals that are currently being handled by the Coast Guard or DNR, and that an estimate of the impact due to this bill is unavailable. Therefore, the increase in local expenditures due to this bill is undetermined. Further, we anticipate this bill may increase the number of individuals imprisoned in local jails. The potential increase in expenses for local jails will depend upon the increase in the number of cases and number of incarcerations.

## **Explanation of Fiscal Impact**

**Introduced on February 20, 2025**

### **State Expenditure**

This bill defines abandoned, derelict, and sunken vessels, and related terms, declares such vessels as public nuisances, and provides guidelines on the abatement of these vessels. This bill makes it illegal for a person to cause or allow a vessel to become abandoned or derelict. Violators are guilty of a misdemeanor subject to a fine of up to \$10,000, imprisonment of up to sixty days, or both. This bill also makes it illegal to intentionally or recklessly sink a vessel on

the waters of the state, with an exception for DNR's artificial reef program. Violators are guilty of a misdemeanor offense subject to a fine of up to \$10,000, imprisonment for up to sixty days, or both. Additionally, a person in violation of these provisions is liable for all costs arising from the removal and disposal of the vessel. This bill states that fines collected from the two misdemeanor offenses must be used by DNR for the removal and disposal of abandoned, derelict, and sunken vessels. This bill also states that the magistrates court will preside over these cases.

This bill requires that when a wrecked or junked vessel is located, DNR or a local law enforcement agency with jurisdiction must determine whether a vessel has a visible identifier.

If the vessel has a visible identifier, DNR or the local law enforcement agency must:

- 1) Post a derelict vessel notice,
- 2) Take reasonable steps to locate the registered owner of the vessel within twenty-four hours, and if identified, provide written notice to the registered owner's last known address as well as an e-mail or telephone notice, and
- 3) Submit a derelict vessel report within twenty-four hours of posting the notice using the new application or website maintained by DES.

This bill mandates that DNR or local law enforcement must remove a derelict vessel notice if a responsible party provides a bona fide plan of removal to DNR within fourteen days of the notice being posted. If the vessel then remains in its derelict state for thirty days from the date of the notice, then another derelict vessel notice must be posted, and no additional plan of removal may be submitted.

If the vessel does not have a visible identifier, DNR or the local law enforcement agency must:

- 1) Post an abandoned vessel notice, and
- 2) Submit an abandoned vessel report within twenty-four hours of posting the notice using the application or website maintained by DES.

This bill also specifies the required information to be included in derelict and abandoned vessel notices, respectively. This bill states that an abandoned or derelict vessel may be removed at any time by any person, without liability to a responsible party, after prior notification to DES. This bill also requires that a sunken vessel must be removed by a responsible party and provides required time periods for removal within specific instances. Additionally, after the applicable time period, a sunken vessel is subject to the removal at any time by any person without liability to a responsible party. A person who removes and disposes of an abandoned, derelict, or sunken vessel may commence a civil action against a responsible party within one hundred and eighty days of the removal and disposal to recover costs of removal and disposal, attorney's fees and court costs.

This bill requires DES, in cooperation with DNR, to develop and maintain an application and website for law enforcement and the public to report vessels that are wrecked, junked, in a state of disrepair, or that have sunk.

This bill allows DNR or a designated person to remove vessels that are determined to be a significant navigational or environmental hazard by both directors of DNR and DES. Vessels may be removed as soon as is practical without liability to a responsible party and at the risk and expense of a responsible party.

This bill repeals Section 50-21-190 dealing with abandoning watercraft or outboard motors, and Section 50-23-205 dealing with seizure of certain watercraft. This bill also repeals the definition of “abandon” in Section 50-21-10(1).

Currently, pursuant to Section 50-21-190, it is illegal to abandon a watercraft, with the exception of emergency situations. Violators of this provision face a misdemeanor with a fine of up to \$5,000, imprisonment up to thirty days, or both. Abandoned watercraft may currently be removed by DNR or any governmental agency that has jurisdiction. Currently DNR must investigate, send notices, and make reasonable effort to locate the last known owner of an abandoned watercraft. For information, Judicial provided some data on the number of disposed cases for this violation, and in the coastal counties, there were eight cases in FY 2023-24.

Furthermore, pursuant to Section 50-23-205, currently DNR may seize abandoned, junked, adrift, destroyed, salvaged, or stolen watercraft for which an owner is not determined. DNR must notify a person claiming interest in it, and that person has sixty days to prove his interest before circuit court. If no action is filed, DNR may retain, auction, or destroy the property, with auction proceeds going to the Boating Operating Fund. Currently, when DNR identifies the owner of a seized watercraft, they must notify the owner or lienholder by certified mail. The owner or lienholder has thirty days to respond before forfeiting the watercraft to DNR.

**Judicial.** This bill will increase the caseload in magistrates court. Judicial anticipates that any increase in cases can be initially managed within existing appropriations, but if this bill results in a significant increase in magistrates court cases, Judicial will request an increase in General Fund appropriations to support magistrates court.

**Department of Natural Resources.** This bill may increase the workload for DNR in order to comply with the new protocols for derelict and abandoned vessel notices, the removal of derelict, abandoned, and sunken vessels, and the enforcement of this bill. DNR anticipates this bill will increase department expenses by approximately \$392,000 including \$222,000 of recurring expenses beginning in FY 2025-26 and \$170,000 of non-recurring expenses in FY 2025-26. Recurring expenses include \$202,000 for salary and fringe to hire 2.0 FTEs, ATON officers, and \$20,000 for operating expenses for the new FTEs. These officers will coordinate the removal of both vessels that are floating and intact and sunken vessels. DNR anticipates that sunken vessels may require divers to attach lift bags and ropes. Thus, the new officers will also coordinate with divers and regional assets to ensure the most efficient methods and timing for the removal of vessels. Non-recurring expenses include \$170,000 for equipment for the ATONs. This bill may also increase expenses for DNR in order to remove vessels that are determined to be a significant hazard by both directors of DNR and DES. However, DNR expects that any increase in expenses due to this requirement will not be significant at this time. Additionally, DNR reports that there will be no impact on the department in order to cooperate with DES in their efforts to develop

and maintain the website and app required by this bill as the department currently cooperates with DES during the normal course of business. Some expenses may be offset by the penalties and owner requirement to pay for the removal of a vessel. However, DNR anticipates these Other Funds revenues will not fully offset expenses, and the agency indicates that it will request General Fund appropriations to fund the expenses due to this bill.

**Department of Environmental Services.** This bill requires DES, in cooperation with DNR, to develop and maintain an application and website for reporting vessels that are wrecked, junked, in a state of disrepair, or that have sunk. The department currently maintains a website and application that tracks abandoned vessels, the MyCoast app. However, the MyCoast app only covers the coastal zone of South Carolina at this time. Therefore, expanding the application to the remainder of the state may increase expenses for the department. DES indicates that the app is currently provided through a third-party vendor, and the department has contacted the vendor to ascertain a cost estimate for the expansion of coverage required by this bill but has not yet received the estimate. Additionally, this bill states that the director of DES, in conjunction with the director of DNR, will determine if a vessel is a significant navigational or environmental hazard and is subject to removal. DES anticipates that such a determination by the director can be absorbed within the department's existing workload. Therefore, this bill may result in an undetermined increase in expenditures in order for DES to expand coverage for the existing MyCoast app to include the entire state. The department anticipates requesting General Fund appropriations to fund these expenses.

### **State Revenue**

This bill defines abandoned, derelict, and sunken vessels, and related terms, declares such vessels as public nuisances, and provides guidelines on the abatement of these vessels. This bill also creates two new offenses dealing with abandoned, derelict or sunken vessels that are both subject to a fine up to \$10,000, imprisonment for up to sixty days, or both. This bill states that fines collected from the violations mentioned above must be used by DNR for the removal and disposal of abandoned, derelict, and sunken vessels, and that the magistrates court will preside over cases dealing with these vessels. Additionally, this bill places the cost liability for the removal and/or disposal of abandoned, derelict, and sunken vessels on a person who causes or allows the vessel to become abandoned, derelict, or sunken, or on the person who has the rights to the possession and use of the vessel.

This bill may increase Other Funds revenue for DNR due to the new fines created by this bill and the cost liability for removals. However, DNR indicates that, based on experience, when vessels are abandoned, it is often due to the owner's inability to pay for repairs or disposal/removal. DNR notes that while a fine may be imposed upon conviction, the likelihood that the department is able to collect those funds is unknown. Therefore, DNR indicates that the actual Other Funds revenue impact due to this bill is undetermined.

This bill may result in a change in the fines and fees collected 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 General Fund and Other Funds revenue due to the change in fines and fees collections in court.

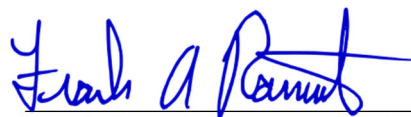
### **Local Expenditure**

RFA surveyed the counties and contacted MASC to determine the potential expenditure impact of this bill and received a response from MASC and Horry County. MASC anticipates that there will be modest costs in establishing local policies and procedures and training officers to comply with this bill. There will also be ongoing administrative costs to municipalities to identify vessel owners and provide the required notices, to report vessels to DES, and to coordinate with responsible parties in reviewing removal plans. Additionally, MASC reports that because this bill does not define a “bona fide plan of removal”, municipal governments will be required to locally establish definitions and standards for such plans. Horry County reports that currently, the county identifies abandoned and derelict vessels, and the Coast Guard handles the notification and removal processes. Therefore, the county indicates that this bill may require additional manpower in order to investigate and address removal that is currently being completed by the Coast Guard or DNR. Horry County also reports that an estimate of the impact due to this bill is unknown. Based on these responses, we anticipate this bill will have an undetermined local expenditure impact.

This bill creates penalties for a person who causes or allows a vessel to become abandoned or derelict, or who intentionally or recklessly sinks a vessel. This bill may result in an increase in the number of magistrates 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.

### **Local Revenue**

This bill may result in a change in the fines and fees collected 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.



Frank A. Rainwater, Executive Director