

# Statement of Estimated Local Revenue Impact

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**Date:** April 7, 2014

**Bill Number:** H.B. 4378

**Authors:** Putnam

**Committee Requesting Impact:** House Committee on Agriculture, Natural Resources and Environmental Affairs

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## Bill Summary

A bill to amend Section 50-23-295, as amended, Code of Laws of South Carolina, 1976, relating to the transfer of title on a watercraft or outboard motor on which property taxes are owed, so as to provide that the Department of Natural Resources may not refuse to transfer the title due to outstanding property taxes or liens, and to provide that any actual outstanding taxes become the personal liability of the seller and do not constitute a lien on the watercraft or outboard motor.

## REVENUE IMPACT <sup>1/</sup>

We expect this bill would potentially reduce local revenue Statewide by approximately \$6,100,000 in FY2014-15. We expect no impact on General Fund Revenue.

## Explanation

This bill proposes to amend Section 50-23-295 which regulates the transfer of title on watercraft and outboard motors on which property taxes are owed. As proposed, this bill would allow the SC Department of Natural Resources to transfer the title on watercraft and outboard motors as long as the seller in an arms-length transaction signs a certification that property taxes are current as of the date of sale. Any outstanding property taxes or liens on the watercraft or outboard motor as of the date of sale remain due and become the personal liability of the seller and do not constitute a lien. The buyer will not be held liable for any outstanding property taxes or liens. Any person who violates this Section is guilty of a misdemeanor.

Based upon data obtained from a county survey, it is estimated that about fifteen percent of delinquent property taxes on watercraft and outboard motors are eventually paid. The data received represents about \$2,400,000 in delinquent property taxes on watercraft and outboard motors, and is about six percent of the State population. Given this information, we expect this bill would potentially reduce local revenue Statewide by \$6,100,000 in FY2014-15. We expect no impact on General Fund Revenue.

This act takes effect upon approval by the Governor and applies to sales made after January 1, 2014.



Frank A. Rainwater  
Chief Economist

**Analyst:** Wren

<sup>1/</sup> This statement meets the requirement of Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.