*FACTS & QUESTIONS*
*Act 109, Taxation of Watercraft*
*SCDNR I Effective January 1, 2027*

## What does Act 109 change?

The passage and implementation of Act 109 (H. 3858) Taxation of Watercraft:

- Removes the requirement to title outboard motors in South Carolina.
- Creates a registration system for outboard motors.
- Establishes a $10 annual outboard motor registration fee.
- Requires a boat or watercraft and any aligned outboard motor(s) to be assessed as a single unit for property tax purposes.
- Creates a phased-in exemption on the fair market value of watercraft beginning with the 2027 tax year.

## How is "watercraft" defined for property tax purposes?

Act 109 (H. 3858) defines "watercraft" as anything used or capable of being used as a means of transportation on the water, including the aligned outboard motor, subject to the limited exclusions provided by law.

## Will I still pay property taxes on my outboard motor?

Yes. The value of the watercraft and any affixed outboard motor will be assessed together as a single unit for property tax purposes.

## Will I receive separate tax notices for my boat and motor?

The boat and aligned outboard motor(s) will be assessed as a single unit. County auditors will determine how the combined assessment is presented on the property tax notice.

## How will the $10 outboard motor registration fee appear?

The $10 registration fee is separate from your watercraft property tax liability and will appear as a separate line item on your tax notice similar to how your watercraft registration currently does.

## When could I begin seeing these changes reflected in my tax notices?

Boaters who own watercraft due for registration in January 2027 may see changes in their tax notices beginning as early as November 2026.

## Does Act 109 change my county's millage rate?

No. Act 109 does not establish new local millage rates applicable to watercraft. The new law reduces the taxable value of your boat and aligned motor(s) in effect reducing your overall tax liability but does not restrict your county from adjusting their applicable county millage rates.

## What happens if I move my outboard motor to another boat?

The alignment of your boat or watercraft and outboard motor is for tax purposes only and does not restrict boaters from moving motors between watercraft.

If the outboard motor is moved to another boat permanently, you may alert SCDNR to update watercraft and outboard motor alignment. However, this is not required, as long as your boat and outboard motor are still current on their registration and have valid expiration decals.

If you plan on permanently switching your outboard motor, you may elect to notify SCDNR to permanently update the watercraft and outboard motor alignment by email at watercraft@dnr.sc.gov. This will allow the new outboard motor and watercraft to be taxed as a single unit and update the expiration date of the outboard motor to match the expiration of the watercraft's registration.

## Which outboard motors must be registered?

Outboard motors of at least five horsepower, or its equivalent, affixed to a watercraft and used on the waters of South Carolina must be registered. Any motor you maintain that is not affixed to a boat is not legally required to be registered.

## What happens to a lien on my outboard motor?

Act 109 removes the requirement to title outboard motors in South Carolina but does not eliminate existing liens.

Additional information about liens and security interests will be provided as implementation procedures are finalized.

## What happens if I do not receive a watercraft property tax notification because my watercraft is now tax exempt?

Tax-Exempt motors will receive your annual outboard registration notification directly from the Department of Natural Resources. Upon payment of your annual $10 annual registration fee to the Department of Natural Resources, your motor decal will be mailed.

## Where can I find Act 109 (H. 3858)?

Act 109 can be found in its entirety on the SC State House website at https://www.scstatehouse.gov/sess126_2025-2026/bills/3858.htm.

## Who can assist me with questions concerning my property tax bill?

Questions and concerns about your watercraft property tax notifications should be directed to the local County Auditor in which your boat is registered. SCDNR does not impose or collect any property taxes on your watercraft and aligned motors.