

DEPARTMENT OF TAXATION

2001 Fiscal Impact Statement

1. **Patron** Moran

3. **Committee** House Finance

4. **Title** Recordation Tax: Increase the Local
Recordation Tax

2. **Bill Number** HB 2489

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would increase the amount of recordation tax that a city or county may assess from one-third of the amount of the state recordation tax to two-thirds of the amount of state recordation tax. Any amount collected that is attributable to the increase in the recordation tax is to be used exclusively for the acquisition or preservation of open-space land, or the acquisition of development rights to real property for the purpose of acquiring or preserving open-space land.

This bill would be effective July 1, 2001.

6. **Fiscal Impact Estimates are:** Tentative (See Line 8.)

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2000-01	\$0	Local
2001-02	\$39.8 million	Local
2002-03	\$39.8 million	Local

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

The department would incur no costs in implementing this bill.

Local revenues collected from the recordation tax are estimated to increase \$39.8 million in Fiscal Year 2002 and Fiscal Year 2003. This estimate is based on the assumption that every locality that imposes the recordation tax would increase their recordation tax assessments.

9. Specific agency or political subdivisions affected:

Circuit Court Clerks

10. Technical amendment necessary: None.

11. Other comments:

Generally

Currently, any Virginia city or county may impose a tax equal to one-third of the amount of the state recordation tax imposed on any instrument that is recorded. Towns may not impose a recordation tax. Cities or counties may not impose a recordation tax on the additional state tax that is assessed on the grantors of instruments admitted to record.

Proposed Legislation

This bill would increase the amount of recordation tax that a city or county may assess from one-third of the amount of the state recordation tax to two-thirds of the amount of state recordation tax. Any amount collected that is attributable to the increase in the recordation tax is to be used exclusively for the acquisition or preservation of open-space land, or the acquisition of development rights to real property for the purpose of acquiring or preserving open-space land.

cc: Secretary of Finance

Date: 1/16/01/NMS

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