

DEPARTMENT OF TAXATION

2002 Fiscal Impact Statement

1. **Patron** Parrish

3. **Committee** Passed House and Senate

4. **Title** Recordation Tax: Leases of Outdoor
Advertising Signs

2. **Bill Number** HB 187

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would limit the recordation tax on leases of outdoor advertising signs to twenty-five dollars provided the person recording the lease is engaged in the business of outdoor advertising and is licensed by the Virginia Department of Transportation.

Currently, the twenty-five dollar limitation is applicable only to the recordation of leases of outdoor signs for which a permit fee has been paid to the Virginia Department of Transportation. In general, other leases are subject to the recordation tax at the rate of fifteen cents on every \$100 or fraction thereof of the consideration or value contracted for.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not Available (See Line 8).

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

8. Fiscal implications:

The Department's administrative costs to implement this bill would be minimal.

Although this bill increases the number of sign leases eligible for the maximum twenty-five dollar recordation tax, this bill is expected to increase General Fund revenues by an unknown, but minimal amount as it will encourage taxpayers to record their leases. The department understands that many taxpayers are deterred from recording their leases by the current recordation tax.

9. Specific agency or political subdivisions affected:

Circuit Court Clerks

10. Technical amendment necessary: No.

11. Other comments:

Generally, entities are required to get a permit from the Virginia Department of Transportation to erect, use, maintain, post or display any outdoor advertising structure that is located in a city. The fee must be paid for each separate advertisement or advertising structure. Fees are assessed based on the size of the advertisement or advertising structure. The recordation tax for the recording leases of outdoor advertising signs is limited to twenty-five dollars provided the permit fees are paid.

This bill would extend the twenty-five dollar limitation for recording leases of outdoor advertising signs to any sign provided the sign is owned by a person engaged in the business of outdoor advertising and the person is licensed by the Virginia Department of Transportation.

c: Secretary of Finance

Date: 2/15/02 JEM

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