

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron John A. Cosgrove

3. Committee House Finance:

4. Title Recordation Tax: Local Fee

2. Bill Number HB 1395

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize any Virginia city or county to impose a fee not to exceed \$250 on every instrument that is recorded.

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 would incur no administrative costs as a result of this bill.

This bill would have no effect on state revenues. The local revenue impact of this bill is not known. The recordation fee authorized by this bill is permissive. It is not known how many localities would impose this fee and the amount of the fee that would be levied.

9. Specific agency or political subdivisions affected:

Cities and Counties

Circuit Court Clerks

10. Technical amendment necessary: None

11. Other comments:

Current Law

Currently, a recordation tax is imposed by Virginia on:

- Every deed admitted to record at a rate of 50 cents on every \$100 of the greater of the consideration paid or the value of the property;
- A grantor for recording any instrument. The rate of the tax, when the consideration for the interest exceeds \$100, is fifty cents for each \$500 of the greater of the consideration paid or the value of the property, exclusive of the value of any lien or encumbrance remaining at the time of the sale;
- Deeds of trust or mortgages at a rate of 15 cents on every \$100 of the amount of bonds or other obligations secured;
- Deeds of release for 50 cents;
- Deeds of partition or Deeds pertaining to divorce at a rate of 50 cents per deed; and
- Contracts or leases at the rate of 15 cents on every \$100 of the consideration or value contracted for, including contracts or agreements relating to the sale of rolling stock or equipment.

Cities and counties may impose a recordation tax equal to one-third of the recordation tax imposed by Virginia on any instrument that is recorded except for any on transfers of that are assessed a recordation tax of 50 cents.

Proposal

This bill would authorize any Virginia city or county to impose a fee not to exceed \$250 on every instrument that is recorded.

The revenues generated by this additional fee may only be used for capital projects for public school construction and infrastructure improvements. Allowable improvements include technology infrastructure, additions, renovations, and retrofitting of existing school buildings, new school construction, site acquisition, and debt service payments for public school capital improvements.

Other Legislation

House Bill 549 would impose an additional one dollar fee on every deed admitted to record to be remitted to the Virginia Outdoors Foundation.

Senate Bill 569 would impose an additional ten dollar fee on every instrument admitted to record to be remitted to the Virginia Natural and Historic Resources Fund.