

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** L. Scott Lingamfelter

3. **Committee** House Appropriations

4. **Title** Recordation Tax: Dedication to the  
Transportation Trust Fund

2. **Bill Number** HB 5027

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would provide for the distribution to the Transportation Trust Fund the additional revenue generated by the recordation tax revenue increase enacted during the 2004 Special Session I. The funds would then be appropriated to the Commonwealth Transportation Board for transportation needs.

The effective date of this bill is not specified. Article IV, § 13 of the *Constitution of Virginia* states that all laws enacted during a special session other than the Appropriations Act and emergency legislation will take effect on the first day of the fourth month following the month of adjournment of the special session. This bill would become effective on January 1, 2007, assuming the special session adjourns before the end of September 2006.

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

**6. Budget amendment necessary:** Yes.

New item to appropriate recordation tax revenue to the TTF

**8. Fiscal implications:**

This bill would appropriate recordation tax revenue from the General Fund and transfer it to the Transportation Trust Fund in the amount of \$102.8 million in FY 2007, \$236.4 million in FY 2008, and \$244.4 million in FY 2009 and beyond. The revenue estimates for recordation tax are based on the same data used for the June 2006 Official Forecast and the 2006-2008 Appropriations Act. To implement this transfer, a reduction of an equal amount of general fund support from other areas in the introduced budget will be required.

Given the magnitude of funding involved, funding would need to be transferred from areas with significant general fund support

**9. Specific agency or political subdivisions affected:**

Department of Taxation

Department of Transportation

**10. Technical amendment necessary:** No.

**11. Other comments:**

Current Law

Appointed by the Governor, the 17-member Commonwealth Transportation Board establishes the administrative policies for Virginia's transportation system. The CTB allocates highway funding to specific projects, locates routes and provides funding for airports, seaports and public transportation.

On every deed admitted to record, except a deed exempt from taxation by law, there is levied a state recordation tax of \$0.25 on every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater.

Proposal

The bill would transfer to the Transportation Trust Fund the additional revenue generated by the recordation tax revenue increase from \$0.15 per \$100 to \$0.25 per \$100 enacted during the 2004 Special Session I. The funds would then be appropriated to the Commonwealth Transportation Board for transportation needs.

Other Legislation

**HB 5025** would increase the amount of sales and use tax revenue dedicated to the Transportation Trust Fund from ½% to ¾%.

**HB 5026** would earmark \$36 million of state recordation tax revenue to the Virginia Defense Facility and Transportation Improvement Fund and Program for transportation infrastructure improvements in certain highway construction districts in which federal defense facilities or bases are expanded as the result of actions of the Base Realignment and Closure Commission.

**HB 5035** would earmark all recordation tax revenue, after the distributions to localities and the US Route 58 Corridor Development Fund, for a new Commonwealth Transportation Projects Fund. The Fund would distribute money for transportation projects in localities in accordance with the recordation tax revenue from each locality.

**HB 5053** would earmark an amount equivalent to \$0.30 on every \$100 of the consideration for each deed or other instrument in the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the counties of Arlington, Fairfax, Loudoun, and Prince William, for which a state tax is imposed by §§58.1-801 through 58.1-809, into the Special Transportation Fund for Northern Virginia.

**HB 5054** would earmark an amount equivalent to 10¢ on every \$100 of the consideration for each deed or other instrument in the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the counties of Arlington, Fairfax, Loudoun, and Prince William, for which a state tax is imposed by §§58.1-801 through 58.1-809, into the Special Transportation Fund for Northern Virginia.

**HB 5055** would earmark all recordation tax revenue, after the distributions to localities and the US Route 58 Corridor Development Fund, for the Highway Maintenance and Operating Fund, a special fund within the Commonwealth Transportation Fund.

**HB 5056** would earmark all recordation tax revenue, after the distributions to localities and the US Route 58 Corridor Development Fund, for the Highway Maintenance and Operating Fund, a special fund within the Commonwealth Transportation Fund.

**HB 5059** would return to localities an amount equivalent to \$0.10 on every \$100 of the consideration for each deed or other instrument for which a state recordation tax is imposed to the locality in which it was generated to be used solely for transportation purposes.

**HB 5093** would return to localities an additional \$60 million of recordation tax revenue to be used solely for transportation purposes until 2008. Beginning July 1, 2008 the \$40 million of recordation tax revenue that is returned to the localities to be used for either public education or transportation purposes would have to be used solely for transportation purposes. This bill also increases from \$40 million to \$50 million the amount of state recordation tax revenue that is dedicated to the U.S. Route 58 Corridor Development Fund.

cc : Secretary of Finance

Date: 09/22/2006 AM