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**HOUSE BILL NO. 485**

Offered January 11, 2006

Prefiled January 9, 2006

*A BILL to amend and reenact §§ 58.1-801, 58.1-803, 58.1-807, and 58.1-808 of the Code of Virginia, relating to recordation tax; reduction in rates.*

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Patron—Frederick

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Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-801, 58.1-803, 58.1-807, and 58.1-808 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-801. Deeds generally; charter amendments.

A. On every deed admitted to record, except a deed exempt from taxation by law, there is hereby levied a state recordation tax. The rate of the tax shall be ~~25~~ 15 cents on every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater.

Upon deeds conveying property lying partly within the Commonwealth and partly without the Commonwealth, the tax herein imposed shall apply only to the value of so much of the property conveyed as is situated within the Commonwealth.

B. When the charter of a corporation is amended, and the only effect of such amendment is to change the corporate name of such corporation, the tax upon the recordation of a deed conveying to, or vesting in, such corporation under its changed name, the title to any or all of the real or personal property of such corporation held in its name as it existed immediately prior to such amendment, shall be 50 cents.

§ 58.1-803. Deeds of trust or mortgages; maximum tax.

A. A recordation tax on deeds of trust or mortgages is hereby imposed at a rate of ~~25~~ 15 cents on every \$100 or portion thereof of the amount of bonds or other obligations secured thereby. In the event of an open or revolving deed of trust, the amount of the obligation for purposes of this section shall be the maximum amount which may be outstanding at any one time. In any case in which the amount which may be secured under a deed of trust or mortgage is not ascertainable, the tax shall be based upon the fair market value of the property conveyed, determined as of the date of the deed of trust or mortgage. The fair market value of the property shall include the value of any realty required by the terms of the deed of trust or mortgage to be constructed thereon.

B. On deeds of trust or mortgages upon the works and property of a railroad lying partly within the Commonwealth and partly without the Commonwealth, the tax shall be only upon such proportion of the amount of bonds, or other obligations secured thereby, as the number of miles of the line of such company in the Commonwealth bears to the whole number of miles of the line of such company conveyed by such deed of trust or mortgage.

Upon deeds of trust or mortgages conveying other property lying partly within the Commonwealth and partly without the Commonwealth the tax herein imposed shall be only upon such proportion of the debt secured as the value of the property located within the Commonwealth, or which may be brought into the Commonwealth, bears to the entire amount of property conveyed by such deed of trust or mortgage.

C. On deeds of trust or mortgages, which provide for an initial issue of bonds, to be followed thereafter by additional bonds, unlimited in amount, if such deed of trust or mortgage provides that as and when such additional bonds are issued a supplemental indenture shall be recorded in the office in which the original deed of trust or mortgage is first recorded, which supplement shall contain a statement as to the amount of the additional bonds to be issued, then the tax shall be paid upon the initial amount of bonds when the original deed of trust is recorded and thereafter on each additional amount of bonds when the supplemental indenture relating to such additional bonds is recorded.

On deeds of trust or mortgages which are supplemental to or wrap around existing deeds of trust on which the tax imposed hereunder has already been paid, the tax shall be paid only on that portion of the face amount of the bond or obligation secured thereby which is in addition to the amount of the existing debt secured by a deed of trust or mortgage on which tax has been paid. The instrument shall certify the amount of the existing debt.

D. On deeds of trust or mortgages, the purpose of which is to refinance or modify the terms of an existing debt with the same lender, which debt is secured by a deed of trust or mortgage on which the tax imposed hereunder has been paid, the tax shall be paid only on that portion of the amount of the

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59 bond or other obligation secured thereby which is in addition to the amount of the original debt secured  
60 by a deed of trust or mortgage on which the tax has been paid. The instrument shall certify the amount  
61 of original debt.

62 E. The maximum tax on the recordation of any deed of trust or mortgage or on any indenture  
63 supplemental thereto shall be determined in accordance with the following schedule:

64 On the first \$10 million of value as determined pursuant to this section, ~~25~~ 15 cents upon every \$100  
65 or portion thereof;

66 On the next \$10 million of value as determined pursuant to this section, ~~22~~ 12 cents upon every  
67 \$100 or portion thereof;

68 On the next \$10 million of value as determined pursuant to this section, ~~19~~ 9 cents upon every \$100  
69 or portion thereof;

70 On the next \$10 million of value as determined pursuant to this section, ~~16~~ 6 cents upon every \$100  
71 or portion thereof; and

72 On all over \$40 million of value as determined pursuant to this section, ~~13~~ 3 cents upon every \$100  
73 or portion thereof, incorporated into this section.

74 § 58.1-807. Contracts generally; leases.

75 A. Except as hereinafter provided, on every contract or memorandum thereof relating to real or  
76 personal property admitted to record, a recordation tax is hereby levied at the rate of ~~25~~ 15 cents on  
77 every \$100 or fraction thereof of the consideration or value contracted for.

78 B. The recordation of a deed of lease for a term of years, or assignment of the lessee's interest  
79 therein, or memorandum thereof, shall be taxed according to the provisions of this section, unless  
80 provided otherwise in § 58.1-809 or unless the annual rental, multiplied by the term for which the lease  
81 runs, or remainder thereof, equals or exceeds the actual value of the property leased. In such cases the  
82 tax for recording the deed of lease shall be based upon the actual value of the property at the date of  
83 lease, including the value of any realty required by the terms of the lease to be constructed thereon by  
84 the lessor.

85 C. The recordation of an assignment of the lessor's interest in a lease, or memorandum thereof, shall  
86 be taxed according to the provisions of this section, unless the assignment of the lessor's interest in the  
87 lease is to provide additional security for an obligation of the lessor on which the tax has been  
88 previously paid, or the assignment of the lessor's interest is made to the person who owns the property  
89 which is subject to the lease. In such cases there shall be no tax for recording the lessor's assignment of  
90 the lease.

91 D. Notwithstanding the other provisions of this section, the tax on the recordation of leases of oil  
92 and gas rights shall be \$25. The tax on the recordation of leases of coal and other mineral rights shall  
93 be \$50.

94 E. Notwithstanding the other provisions of this section, the tax on the recordation of leases of  
95 outdoor advertising signs owned by a person engaged in the business of outdoor advertising licensed by  
96 the Virginia Department of Transportation pursuant to § 33.1-361 shall be \$25.

97 F. Notwithstanding the other provisions of this section, the tax on the recordation of a lease of a  
98 communications tower or a communications tower site shall be \$75; the tax on the recordation of each  
99 lease to affix any communications equipment or antenna to any such tower or other structure shall be  
100 \$15.

101 § 58.1-808. Sales contracts for the sale of rolling stock or equipment.

102 On every contract or agreement admitted to record relating to the sale of rolling stock or equipment,  
103 whether the title is reserved in the vendor or not, with a railroad corporation or other corporation or  
104 with a person, firm or company, the tax shall be ~~25~~ 15 cents on every \$100 or fraction thereof of the  
105 amount contracted for in such contract or agreement. When such contract or agreement is with a railroad  
106 corporation lying partly within the Commonwealth and partly without the Commonwealth, the tax shall  
107 be upon such proportion of the amount contracted for as the number of miles of the line of such  
108 railroad corporation in the Commonwealth bears to the whole number of miles of line of such railroad  
109 corporation.