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HOUSE BILL NO. 2661**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on February 3, 2009)

(Patron Prior to Substitute—Delegate Peace)

A *BILL* to amend the Code of Virginia by adding a section numbered 58.1-801.1, relating to a reduction of the state recordation tax rate.

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 58.1-801.1 as follows:**

§ 58.1-801.1. Rate reduction for eligible taxpayers.

A. For the period beginning July 1, 2009, and ending September 30, 2009, the tax imposed pursuant to § 58.1-801 shall be reduced for an eligible taxpayer to three cents on every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater, for the first \$250,000.

B. The revenue collected pursuant to this section shall be distributed as described in § 58.1-815.4.

C. For purposes of computing any local tax authorized pursuant to § 58.1-814, the state recordation tax shall be deemed to be the full amount allowed pursuant to § 58.1-801.

D. "Eligible taxpayer" means an individual who meets the following conditions: (i) the federal adjusted gross income of the individual for the taxable year preceding the year in which the qualified purchase was made does not exceed (a) \$150,000 for taxpayers who are married filing jointly for purposes of the Virginia individual income tax, or (b) \$75,000 for taxpayers filing as single or as married filing separately for purposes of the Virginia individual income tax; (ii) the individual and his spouse, if married, shall have had no present ownership interest in a principal residence during the three-year period ending on the purchase date of the property to which the reduction allowed under this section is applicable; and (iii) the individual and his spouse, if married, must intend to occupy the property to which the reduction allowed under this section is applicable as their principal residence.

2. That the provisions of this act shall not become effective unless (i) the American Recovery and Reinvestment Act of 2009 (H. R. 1, 111th congress, 1st Session), or a similar national economic stimulus law, is passed by the United States Congress and enacted into law during the month of February 2009, and (ii) such Act or stimulus law provides direct financial assistance to the Commonwealth of Virginia in an amount that is at least equal to any anticipated negative fiscal impact on the revenues of the Commonwealth as a result of the provisions of this act.