

23104217D

SENATE BILL NO. 1137

Offered January 11, 2023

Prefiled January 10, 2023

A BILL to amend and reenact §§ 58.1-811 and 58.1-816, as they are currently effective and as they may become effective, and 58.1-1744 and to amend the Code of Virginia by adding in Title 33.2 a chapter numbered 39, consisting of sections numbered 33.2-3900 through 33.2-3913, and by adding in Chapter 8 of Title 58.1 a section numbered 58.1-802.6, relating to Fredericksburg Area Transportation Authority; funding; recordation tax.

Patrons—McPike and Surovell

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-811 and 58.1-816, as they are currently effective and as they may become effective, and 58.1-1744 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 33.2 a chapter numbered 39, consisting of sections numbered 33.2-3900 through 33.2-3913, and by adding in Chapter 8 of Title 58.1 a section numbered 58.1-802.6 as follows:

CHAPTER 39.

FREDERICKSBURG AREA TRANSPORTATION AUTHORITY.

§ 33.2-3900. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Authority" means the Fredericksburg Area Transportation Authority established pursuant to § 33.2-3902.

"Fund" means the Fredericksburg Area Transportation Fund established pursuant to § 33.2-3901.

§ 33.2-3901. Fredericksburg Area Transportation Fund.

A. There is hereby created in the state treasury a special nonreverting fund for Planning District 16 to be known as the Fredericksburg Area Transportation Fund. The Fund shall be established on the books of the Comptroller. All revenues dedicated to the Fund pursuant to §§ 58.1-802.6 and 58.1-1744 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The moneys deposited in the Fund shall be used solely for (i) transportation purposes benefiting the localities comprising Planning District 16 and (ii) administrative and operating expenses as specified in subsection B of § 33.2-3906.

B. The amounts dedicated to the Fund shall be deposited monthly by the Comptroller into the Fund and thereafter distributed to the Authority as soon as practicable for use in accordance with this chapter. If the Authority determines that such moneys distributed to it exceed the amount required to meet the current needs and demands to fund transportation purposes pursuant to this chapter, the Authority may invest such excess moneys to the same extent and in the same manner as provided in subsection A of § 33.2-1525 for excess funds in the Transportation Trust Fund.

C. The amounts deposited into the Fund and the distribution and expenditure of such amounts shall not be used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating localities. Further, such revenues and moneys shall not be included in any computation of, or formula for, a locality's ability to pay for public education, upon which appropriations of state revenues to local governments for public education are determined.

D. After provision for the payment of administrative and operating expenses as specified in subsection B of § 33.2-3906, the revenues in the Fund shall be allocated as follows:

1. Fifty percent shall be retained by the Authority to be used for transportation-related purposes, including the provision of transit and mobility services, benefiting the localities comprising Planning District 16; and

2. Fifty percent shall be returned, proportionally, to each locality located in Planning District 16 to be used to improve local mobility, which may include construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality.

E. Each locality's share of the revenues returned pursuant to subdivision D 2 shall be the total of the taxes dedicated to the Fund that are generated or attributable to the locality divided by the total of such taxes dedicated to the Fund. Each locality shall create a separate, special fund in which all revenues received pursuant to subdivision D 2 shall be deposited. Each locality shall annually provide to the

59 Authority sufficient documentation, as required by the Authority, showing that the revenues distributed
60 under subdivision D 2 were used for the purposes set forth therein.

61 F. The projects and other transportation purposes supported by the revenues allocated under
62 subdivision D 1 shall be approved by the Authority. The Authority shall develop a prioritization process
63 based on an objective and quantifiable analysis that considers the benefits of projects relative to their
64 cost. Only projects evaluated using such process may be funded pursuant to subdivision D 1.

65 **§ 33.2-3902. Fredericksburg Area Transportation Authority created.**

66 The Fredericksburg Area Transportation Authority is hereby created as a body politic and as a
67 political subdivision of the Commonwealth. The Authority shall embrace each county, city, and town
68 located in Planning District 16, which is established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of
69 Title 15.2.

70 **§ 33.2-3903. Composition of Authority.**

71 A. The Authority shall consist of 10 members as follows:

72 1. The chief elected officer, or his designee, of the governing body of each of the counties embraced
73 by the Authority;

74 2. The chief elected officer, or his designee, of the City of Fredericksburg;

75 3. One member of the House of Delegates who resides in a county or city embraced by the
76 Authority, appointed by the Speaker of the House of Delegates, and one member of the Senate who
77 resides in a county or city embraced by the Authority, appointed by the Senate Committee on Rules;

78 4. A member of the Commonwealth Transportation Board who resides in a locality embraced by the
79 Authority and is appointed by the Governor; and

80 5. The following two persons serving ex officio as nonvoting members of the Authority: the Director
81 of the Department of Rail and Public Transportation, or his designee, and the Commissioner of
82 Highways, or his designee.

83 All members of the Authority shall serve terms coincident with their terms of office. Vacancies shall
84 be filled in the same manner as the original appointment. If a member of the Authority who represents a
85 locality as provided in subdivision 1 or 2 is unable to attend a meeting of the Authority, he may
86 designate another current elected official of such governing body to attend such meeting of the
87 Authority. Such designation shall be for the purposes of one meeting and shall be submitted in writing
88 or electronically to the chairman of the Authority at least 48 hours prior to the affected meeting.

89 B. The Authority shall elect a chairman and vice-chairman from among its voting membership. The
90 Auditor of Public Accounts, or his legally authorized representatives, shall annually audit the financial
91 accounts of the Authority, and the cost of such audit shall be borne by the Authority.

92 **§ 33.2-3904. Staff.**

93 The Authority may employ a chief executive officer and such staff as it shall determine to be
94 necessary to carry out its duties and responsibilities under this chapter. No such person shall
95 contemporaneously serve as a member of the Authority. The Department of Transportation and the
96 Department of Rail and Public Transportation shall make their employees available to assist the
97 Authority, upon request.

98 **§ 33.2-3905. Decisions of the Authority.**

99 A majority of voting members of the Authority shall constitute a quorum. Vacancies shall not be
100 considered in the establishment of a quorum. Decisions of the Authority shall require an affirmative vote
101 of those present and voting whose votes represent at least four-fifths of the population embraced by the
102 Authority; however, no motion to fund a specific facility or service shall fail because of this population
103 criterion if such facility or service is not located or to be located or provided or to be provided within
104 the county or city whose chief elected officer's or elected official's, or its respective designee's, sole
105 negative vote caused the facility or service to fail to meet the population criterion. The population of
106 counties and cities embraced by the Authority shall be the population as determined by the most
107 recently preceding decennial census, except that on July 1 of the fifth year following such census, the
108 population of each county and city shall be adjusted, based on population estimates made by the
109 Weldon Cooper Center for Public Service of the University of Virginia.

110 **§ 33.2-3906. Annual budget and allocation of expenses.**

111 A. The Authority shall adopt an annual budget and develop a funding plan to be supported by the
112 revenues allocated under subdivision D 1 of § 33.2-3901 and shall provide for such development and
113 adoption in its bylaws. The funding plan shall provide for the expenditure of funds for transportation
114 purposes over a four-to-six-year period and shall align with the Statewide Transportation Plan
115 established pursuant to § 33.2-353, the long-range transportation plan of Planning District 16, or the
116 long-range transportation plans of participating localities as much as possible. The Authority shall
117 solicit public comment on its budget and funding plan by posting a summary of such budget and funding
118 plan on its website and holding a public hearing. Such public hearing shall be advertised on the
119 Authority's website and in a newspaper of general circulation in Planning District 16.

120 B. The administrative and operating expenses of the Authority shall be provided in an annual budget

121 adopted by the Authority and, to the extent funds for such expenses are not provided from other sources,
122 shall be paid from the Fund. Such budget shall be limited solely to the administrative and operating
123 expenses of the Authority and shall not include any funds for construction or acquisition of
124 transportation facilities or the maintenance or performance of any transportation service.

125 C. Members may be reimbursed for all reasonable and necessary expenses as provided in
126 §§ 2.2-2813 and 2.2-2825, if approved by the Authority. Funding for the costs of compensation and
127 expenses of the members shall be provided by the Authority.

128 **§ 33.2-3907. Authority to issue bonds.**

129 The Authority may issue bonds and other evidences of debt as may be authorized by this section or
130 other law. The provisions of Article 5 (§ 33.2-1920 et seq.) of Chapter 19 shall apply, mutatis mutandis,
131 to the issuance of such bonds or other debt. The Authority may issue bonds or other debt in such
132 amounts as it deems appropriate. The bonds may be supported by any funds available.

133 **§ 33.2-3908. Powers of the Authority.**

134 A. The Authority shall have the following powers together with all powers incidental thereto or
135 necessary for the performance of those hereinafter stated:

136 1. To sue and be sued and to prosecute and defend, at law or in equity, in any court having
137 jurisdiction of the subject matter and of the parties;

138 2. To adopt and use a corporate seal and to alter the same at its pleasure;

139 3. To procure insurance, participate in insurance plans, and provide self-insurance; however, the
140 purchase of insurance, participation in an insurance plan, or the creation of a self-insurance plan by
141 the Authority shall not be deemed a waiver or relinquishment of any sovereign immunity to which the
142 Authority or its officers, directors, employees, or agents are otherwise entitled;

143 4. To establish bylaws and make all rules and regulations, not inconsistent with the provisions of this
144 chapter, deemed expedient for the management of the Authority's affairs;

145 5. To apply for and accept money, materials, contributions, grants, or other financial assistance from
146 the United States and agencies or instrumentalities thereof, the Commonwealth and any political
147 subdivision, agency, or instrumentality of the Commonwealth, and any legitimate private source;

148 6. To acquire real and personal property or any interest therein by purchase, lease, gift, or
149 otherwise for purposes consistent with this chapter and to hold, encumber, sell, or otherwise dispose of
150 such land or interest for purposes consistent with this chapter;

151 7. To acquire by purchase, lease, contract, or otherwise highways, bridges, or tunnels and to
152 construct the same by purchase, lease, contract, or otherwise;

153 8. In consultation with the Commonwealth Transportation Board for projects that encompass a state
154 highway, and with each city or county in which the facility or any part thereof is or is to be located, to
155 repair, expand, enlarge, construct, reconstruct, or renovate any or all highways, bridges, and tunnels
156 within Planning District 16 and to acquire any real or personal property needed for any such purpose;

157 9. To enter into agreements or leases with public or private entities for the operation and
158 maintenance of bridges, transit and rail facilities, and highways;

159 10. To make and execute contracts, deeds, mortgages, leases, and all other instruments and
160 agreements necessary or convenient for the performance of its duties and the exercise of its powers and
161 functions under this chapter;

162 11. To the extent funds are made or become available to the Authority to do so, to employ
163 employees, agents, advisors, and consultants, including without limitation attorneys, financial advisers,
164 engineers, and other technical advisers, and the provisions of any other law to the contrary
165 notwithstanding, to determine their duties and compensation;

166 12. To exercise the powers of a locality pursuant to § 33.2-269; and

167 13. To the extent not inconsistent with the other provisions of this chapter, and without limiting or
168 restricting the powers otherwise given the Authority, to exercise all of the powers given to
169 transportation district commissions by § 33.2-1919.

170 B. The Authority shall comply with the provisions governing localities contained in § 15.2-2108.23.

171 **§ 33.2-3909. Additional powers of the Authority.**

172 Notwithstanding any contrary provision of this title and in accordance with all applicable federal
173 statutes and requirements, the Authority shall control and operate and may impose and collect tolls in
174 amounts established by the Authority for the use of any new or improved highway, bridge, or tunnel, to
175 increase capacity on such facility or to address congestion within Planning District 16, constructed by
176 the Authority (i) with federal, state, or local funds; (ii) solely with revenues of the Authority; or (iii)
177 with revenues under the control of the Authority. The amount of any such toll may be varied from
178 facility to facility, by lane, by congestion levels, by day of the week, by time of day, by type or size of
179 vehicle, by number of axles, or by any similar combination thereof or any other factor the Authority
180 may deem proper, and a reduced rate may be established for commuters as defined by the Authority. All
181 such tolls shall be used for programs and projects that are reasonably related to or benefit the users of

182 *the new or improved highway, bridge, or tunnel, including for the debt service and other costs of bonds*
 183 *whose proceeds are used for construction or improvement of such highway, bridge, or tunnel.*

184 *Any tolls imposed by the Authority shall be collected by an electronic toll system that, to the extent*
 185 *possible, shall not impede the traffic flow of the facility or prohibit a toll facility from retaining means*
 186 *of nonautomated toll collection in some lanes of the facility. For all facilities tolled by the Authority,*
 187 *there shall be signs erected prior to the point of toll collection that clearly state how the majority of the*
 188 *toll revenue is being spent by the Authority to benefit the users of the facility.*

189 **§ 33.2-3910. Authority a responsible public entity under Public-Private Transportation Act of 1995.**

190 *The Authority is a responsible public entity as defined in § 33.2-1800 and shall be regulated in*
 191 *accordance with the terms of the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) and*
 192 *regulations and guidelines adopted pursuant thereto.*

193 **§ 33.2-3911. Continuing responsibilities of the Commonwealth Transportation Board and the**
 194 **Department of Transportation.**

195 *Except as otherwise explicitly provided in this chapter, until such time as the Authority and the*
 196 *Department of Transportation, or the Authority and the Commonwealth Transportation Board, agree*
 197 *otherwise in writing, the Commonwealth Transportation Board shall allocate funding to and the*
 198 *Department of Transportation shall perform or cause to be performed all maintenance and operation of*
 199 *the bridges and roadways and shall perform such other required services and activities with respect to*
 200 *such bridges and roadways as were being performed on July 1, 2023.*

201 **§ 33.2-3912. Continued responsibilities for local transit funding.**

202 *No locality embraced by the Authority shall reduce its local funding for public transit by more than*
 203 *50 percent of what it appropriated for public transit as of July 1, 2022. Starting in fiscal year 2025, the*
 204 *amount required to be provided by a locality pursuant to this section shall be adjusted annually based*
 205 *on the greater of (i) the change in the United States Average Consumer Price Index for all items, all*
 206 *urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of*
 207 *Labor for the previous year, or (ii) zero.*

208 **§ 33.2-3913. Use of revenues by the Authority.**

209 *Notwithstanding any other provision of this chapter, all moneys received by the Authority shall be*
 210 *used by the Authority solely for the benefit of those counties, cities, and towns that are embraced by the*
 211 *Authority, and such moneys shall be used by the Authority in a manner that is consistent with the*
 212 *purposes stated in this chapter.*

213 **§ 58.1-802.6. Fredericksburg Area transportation improvement fee.**

214 *In addition to any other tax or fee imposed under the provisions of this chapter, a fee, delineated as*
 215 *the "Fredericksburg Area transportation improvement fee," is hereby imposed on each deed, instrument,*
 216 *or writing by which lands, tenements, or other realty located in a county or city in Planning District 16*
 217 *is sold and is granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or any*
 218 *other person, by such purchaser's direction. The rate of the fee, when the consideration or value of the*
 219 *interest, whichever is greater, equals or exceeds \$100, shall be \$0.06 for each \$100 or fraction thereof,*
 220 *exclusive of the value of any lien or encumbrance remaining thereon at the time of the sale, whether*
 221 *such lien is assumed or the realty is sold subject to such lien or encumbrance.*

222 *The fee imposed by this section shall be paid by the grantor, or any person who signs on behalf of*
 223 *the grantor, of any deed, instrument, or writing subject to the fee imposed by this section; however, the*
 224 *grantor and grantee may arrange for the grantee to pay all or a portion of the fee. No such deed,*
 225 *instrument, or other writing shall be admitted to record unless certification of the clerk wherein first*
 226 *recorded has been affixed thereto that the fee imposed pursuant to this section has been paid.*

227 *Fees imposed by this section shall be collected by the clerk of the court and deposited into the state*
 228 *treasury as soon as practicable. Such fees shall then be deposited into the Fredericksburg Area*
 229 *Transportation Fund established in § 33.2-3901.*

230 **§ 58.1-811. (Contingent expiration date) Exemptions.**

231 **A.** *The taxes imposed by §§ 58.1-801 and 58.1-807 shall not apply to any deed conveying real estate*
 232 *or lease of real estate:*

233 **1.** *To an incorporated college or other incorporated institution of learning not conducted for profit,*
 234 *where such real estate is intended to be used for educational purposes and not as a source of revenue or*
 235 *profit;*

236 **2.** *To an incorporated church or religious body or to the trustee or trustees of any church or religious*
 237 *body, or a corporation mentioned in § 57-16.1, where such real estate is intended to be used exclusively*
 238 *for religious purposes, or for the residence of the minister of any such church or religious body;*

239 **3.** *To the United States, the Commonwealth, or to any county, city, town, district, or other political*
 240 *subdivision of the Commonwealth;*

241 **4.** *To the Virginia Division of the United Daughters of the Confederacy;*

242 **5.** *To any nonstock corporation organized exclusively for the purpose of owning or operating a*
 243 *hospital or hospitals not for pecuniary profit;*

244 6. To a corporation upon its organization by persons in control of the corporation in a transaction
 245 which qualifies for nonrecognition of gain or loss pursuant to § 351 of the Internal Revenue Code as it
 246 exists at the time of the conveyance;

247 7. From a corporation to its stockholders upon complete or partial liquidation of the corporation in a
 248 transaction which qualifies for income tax treatment pursuant to § 331, 332, 333, or 337 of the Internal
 249 Revenue Code as it exists at the time of liquidation;

250 8. To the surviving or new corporation, partnership, limited partnership, business trust, or limited
 251 liability company upon a merger or consolidation to which two or more such entities are parties, or in a
 252 reorganization within the meaning of § 368(a)(1)(C) and (F) of the Internal Revenue Code as amended;

253 9. To a subsidiary corporation from its parent corporation, or from a subsidiary corporation to a
 254 parent corporation, if the transaction qualifies for nonrecognition of gain or loss under the Internal
 255 Revenue Code as amended;

256 10. To a partnership or limited liability company, when the grantors are entitled to receive not less
 257 than 50 percent of the profits and surplus of such partnership or limited liability company, provided that
 258 the transfer to a limited liability company is not a precursor to a transfer of control of the assets of the
 259 company to avoid recordation taxes;

260 11. From a partnership or limited liability company, when the grantees are entitled to receive not less
 261 than 50 percent of the profits and surplus of such partnership or limited liability company, provided that
 262 the transfer from a limited liability company is not subsequent to a transfer of control of the assets of
 263 the company to avoid recordation taxes;

264 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of
 265 the trust are the same persons, regardless of whether other beneficiaries may also be named in the trust
 266 instrument, when no consideration has passed between the grantor and the beneficiaries;

267 13. When the grantor is an organization exempt from taxation under § 501(c)(3) of the Internal
 268 Revenue Code that is organized and operated primarily to acquire land and purchase materials to erect
 269 or rehabilitate low-cost homes on such land, which homes are sold at cost to persons who otherwise
 270 would be unable to afford to buy a home through conventional means;

271 14. When it is a deed of partition, or any combination of deeds simultaneously executed and having
 272 the effect of a deed of partition, among joint tenants, tenants in common, or coparceners; or

273 15. When it is a deed transferring property pursuant to a decree of divorce or of separate
 274 maintenance or pursuant to a written instrument incident to such divorce or separation.

275 B. The taxes imposed by §§ 58.1-803 and 58.1-804 shall not apply to any deed of trust or mortgage:

276 1. Given by an incorporated college or other incorporated institution of learning not conducted for
 277 profit;

278 2. Given by the trustee or trustees of a church or religious body or given by an incorporated church
 279 or religious body, or given by a corporation mentioned in § 57-16.1;

280 3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or
 281 operating a hospital or hospitals not for pecuniary profit;

282 4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a
 283 debt payable to any other local governmental entity or political subdivision;

284 5. Securing a loan made by an organization described in subdivision A 13;

285 6. Securing a loan made by a county, city, or town, or an agency of such a locality, to a borrower
 286 whose household income does not exceed 80 percent of the area median household income established
 287 by the U.S. Department of Housing and Urban Development, for the purpose of erecting or
 288 rehabilitating a home for such borrower, including the purchase of land for such home; or

289 7. Given by any entity organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

290 C. The tax imposed by § 58.1-802 and the fee imposed by §§ 58.1-802.3, 58.1-802.4 and
 291 58.1-802.5, and 58.1-802.6 shall not apply to any:

292 1. Transaction described in subdivisions A 6 through 12, 14, and 15;

293 2. Instrument or writing given to secure a debt;

294 3. Deed conveying real estate from an incorporated college or other incorporated institution of
 295 learning not conducted for profit;

296 4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town,
 297 district, or other political subdivision thereof;

298 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other
 299 political subdivision thereof, if such political unit is required by law to reimburse the parties taxable
 300 pursuant to § 58.1-802 or subject to the fee under § 58.1-802.3 or 58.1-802.5, or 58.1-802.6; or

301 6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an
 302 incorporated church or religious body, or from a corporation mentioned in § 57-16.1.

303 D. No recordation tax shall be required for the recordation of any deed of gift between a grantor or
 304 grantors and a grantee or grantees when no consideration has passed between the parties. Such deed

305 shall state therein that it is a deed of gift.

306 E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the
307 Commonwealth, or any county, city, town, district, or other political subdivision of the Commonwealth.

308 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-802.3, 58.1-802.5, 58.1-802.6,
309 58.1-807, 58.1-808, and 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any
310 interest therein to The Nature Conservancy or (ii) any lease of real property or any interest therein to
311 The Nature Conservancy, where such deed of gift or lease of real estate is intended to be used
312 exclusively for the purpose of preserving wilderness, natural, or open space areas.

313 G. The words "trustee" or "trustees," as used in subdivisions A 2, B 2, and C 6, include the trustees
314 mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.

315 H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual
316 right, if the release is contained within a single deed that performs more than one function, and at least
317 one of the other functions performed by the deed is subject to the recordation tax.

318 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement,
319 release, or other document recorded in connection with a concession pursuant to the Public-Private
320 Transportation Act of 1995 (§ 33.2-1800 et seq.) or similar federal law.

321 J. No recordation tax shall be required for the recordation of any transfer on death deed or any
322 revocation of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act
323 (§ 64.2-621 et seq.) when no consideration has passed between the parties.

324 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any
325 deed of distribution when no consideration has passed between the parties. Such deed shall state therein
326 on the front page that it is a deed of distribution. As used in this subsection, "deed of distribution"
327 means a deed conveying property from an estate or trust (i) to the original beneficiaries of a trust from
328 the trustees holding title under a deed in trust; (ii) the purpose of which is to comply with a devise or
329 bequest in the decedent's will or to transfer title to one or more beneficiaries after the death of the
330 settlor in accordance with a dispositive provision in the trust instrument; (iii) that carries out the exercise
331 of a power of appointment; or (iv) is pursuant to the exercise of the power under the Uniform Trust
332 Decanting Act (§ 64.2-779.1 et seq.).

333 **§ 58.1-811. (Contingent effective date) Exemptions.**

334 A. The taxes imposed by §§ 58.1-801 and 58.1-807 shall not apply to any deed conveying real estate
335 or lease of real estate:

336 1. To an incorporated college or other incorporated institution of learning not conducted for profit,
337 where such real estate is intended to be used for educational purposes and not as a source of revenue or
338 profit;

339 2. To an incorporated church or religious body or to the trustee or trustees of any church or religious
340 body, or a corporation mentioned in § 57-16.1, where such real estate is intended to be used exclusively
341 for religious purposes, or for the residence of the minister of any such church or religious body;

342 3. To the United States, the Commonwealth, or to any county, city, town, district, or other political
343 subdivision of the Commonwealth;

344 4. To the Virginia Division of the United Daughters of the Confederacy;

345 5. To any nonstock corporation organized exclusively for the purpose of owning or operating a
346 hospital or hospitals not for pecuniary profit;

347 6. To a corporation upon its organization by persons in control of the corporation in a transaction
348 which qualifies for nonrecognition of gain or loss pursuant to § 351 of the Internal Revenue Code as it
349 exists at the time of the conveyance;

350 7. From a corporation to its stockholders upon complete or partial liquidation of the corporation in a
351 transaction which qualifies for income tax treatment pursuant to § 331, 332, 333, or 337 of the Internal
352 Revenue Code as it exists at the time of liquidation;

353 8. To the surviving or new corporation, partnership, limited partnership, business trust, or limited
354 liability company upon a merger or consolidation to which two or more such entities are parties, or in a
355 reorganization within the meaning of § 368(a)(1)(C) and (F) of the Internal Revenue Code as amended;

356 9. To a subsidiary corporation from its parent corporation, or from a subsidiary corporation to a
357 parent corporation, if the transaction qualifies for nonrecognition of gain or loss under the Internal
358 Revenue Code as amended;

359 10. To a partnership or limited liability company, when the grantors are entitled to receive not less
360 than 50 percent of the profits and surplus of such partnership or limited liability company, provided that
361 the transfer to a limited liability company is not a precursor to a transfer of control of the assets of the
362 company to avoid recordation taxes;

363 11. From a partnership or limited liability company, when the grantees are entitled to receive not less
364 than 50 percent of the profits and surplus of such partnership or limited liability company, provided that
365 the transfer from a limited liability company is not subsequent to a transfer of control of the assets of
366 the company to avoid recordation taxes;

367 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of
 368 the trust are the same persons, regardless of whether other beneficiaries may also be named in the trust
 369 instrument, when no consideration has passed between the grantor and the beneficiaries;

370 13. When the grantor is an organization exempt from taxation under § 501(c)(3) of the Internal
 371 Revenue Code that is organized and operated primarily to acquire land and purchase materials to erect
 372 or rehabilitate low-cost homes on such land, which homes are sold at cost to persons who otherwise
 373 would be unable to afford to buy a home through conventional means;

374 14. Pursuant to any deed of partition, or any combination of deeds simultaneously executed and
 375 having the effect of a deed of partition, among joint tenants, tenants in common, or coparceners; or

376 15. Pursuant to any deed transferring property pursuant to a decree of divorce or of separate
 377 maintenance or pursuant to a written instrument incident to such divorce or separation.

378 B. The taxes imposed by §§ 58.1-803 and 58.1-804 shall not apply to any deed of trust or mortgage:

379 1. Given by an incorporated college or other incorporated institution of learning not conducted for
 380 profit;

381 2. Given by the trustee or trustees of a church or religious body or given by an incorporated church
 382 or religious body, or given by a corporation mentioned in § 57-16.1;

383 3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or
 384 operating a hospital or hospitals not for pecuniary profit;

385 4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a
 386 debt payable to any other local governmental entity or political subdivision;

387 5. Securing a loan made by an organization described in subdivision A 13;

388 6. Securing a loan made by a county, city, or town, or an agency of such a locality, to a borrower
 389 whose household income does not exceed 80 percent of the area median household income established
 390 by the U.S. Department of Housing and Urban Development, for the purpose of erecting or
 391 rehabilitating a home for such borrower, including the purchase of land for such home; or

392 7. Given by any entity organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

393 C. The tax imposed by § 58.1-802 and the fee imposed by § 58.1-802.6 shall not apply to any:

394 1. Transaction described in subdivisions A 6 through 12, 14, and 15;

395 2. Instrument or writing given to secure a debt;

396 3. Deed conveying real estate from an incorporated college or other incorporated institution of
 397 learning not conducted for profit;

398 4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town,
 399 district, or other political subdivision thereof;

400 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other
 401 political subdivision thereof, if such political unit is required by law to reimburse the parties taxable
 402 pursuant to § 58.1-802 or subject to the fee under § 58.1-802.6; or

403 6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an
 404 incorporated church or religious body, or from a corporation mentioned in § 57-16.1.

405 D. No recordation tax shall be required for the recordation of any deed of gift between a grantor or
 406 grantors and a grantee or grantees when no consideration has passed between the parties. Such deed
 407 shall state therein that it is a deed of gift.

408 E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the
 409 Commonwealth, or any county, city, town, district, or other political subdivision of the Commonwealth.

410 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-802.6, 58.1-807, 58.1-808, and
 411 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any interest therein to The
 412 Nature Conservancy or (ii) any lease of real property or any interest therein to The Nature Conservancy,
 413 where such deed of gift or lease of real estate is intended to be used exclusively for the purpose of
 414 preserving wilderness, natural, or open space areas.

415 G. The words "trustee" or "trustees," as used in subdivisions A 2, B 2, and C 6, include the trustees
 416 mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.

417 H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual
 418 right, if the release is contained within a single deed that performs more than one function, and at least
 419 one of the other functions performed by the deed is subject to the recordation tax.

420 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement,
 421 release, or other document recorded in connection with a concession pursuant to the Public-Private
 422 Transportation Act of 1995 (§ 33.2-1800 et seq.) or similar federal law.

423 J. No recordation tax shall be required for the recordation of any transfer on death deed or any
 424 revocation of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act
 425 (§ 64.2-621 et seq.) when no consideration has passed between the parties.

426 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any
 427 deed of distribution when no consideration has passed between the parties. Such deed shall state therein

428 on the front page that it is a deed of distribution. As used in this subsection, "deed of distribution"
 429 means a deed conveying property from an estate or trust (i) to the original beneficiaries of a trust from
 430 the trustees holding title under a deed in trust; (ii) the purpose of which is to comply with a devise or
 431 bequest in the decedent's will or to transfer title to one or more beneficiaries after the death of the
 432 settlor in accordance with a dispositive provision in the trust instrument; (iii) that carries out the exercise
 433 of a power of appointment; or (iv) is pursuant to the exercise of the power under the Uniform Trust
 434 Decanting Act (§ 64.2-779.1 et seq.).

435 **§ 58.1-816. (Contingent expiration date, see Acts 2020, cc. 1241 and 1281) Distribution of**
 436 **recording tax to cities and counties.**

437 A. Effective October 1, 1993, \$20 million of the taxes imposed under §§ 58.1-801 through 58.1-809
 438 that are actually paid into the state treasury, shall be distributed among the counties and cities of the
 439 Commonwealth, except for counties and cities located in Planning District 8, in the manner provided in
 440 subsection B. Effective July 1, 1994, such annual distribution shall increase to \$40 million. Effective
 441 July 1, 2020, such annual distribution shall be \$20 million. *Effective July 1, 2023, such annual*
 442 *distribution shall be \$55 million.*

443 B. Subject to any transfer required under § 58.1-816.1, (i) \$20 million of the state taxes distributable
 444 under this section shall be deposited annually into the ~~fund~~ *Fund* established pursuant to § 33.2-2600.1,
 445 ~~and~~ (ii) *\$15 million of the state taxes distributable under this section shall be deposited annually into*
 446 *the Fund established pursuant to § 33.2-3901, and* (iii) the remaining amount of state taxes distributable
 447 under this section shall be apportioned and distributed quarterly to each county or city, except for those
 448 counties or cities located in a transportation district in Hampton Roads created pursuant to § 33.2-1903
 449 *or located in Planning District 16*, by the Comptroller by multiplying the amount to be distributed by a
 450 fraction in which the numerator is the amount of the taxes imposed under §§ 58.1-801 through 58.1-809
 451 and actually paid into the state treasury which are attributable to deeds and other instruments recorded in
 452 the county or city and the denominator is the amount of taxes imposed under §§ 58.1-801 through
 453 58.1-809 actually paid into the state treasury. All distributions pursuant to clause ~~(ii)~~ *(iii)* shall be made
 454 on a quarterly basis within 30 days of the end of the quarter. Such quarterly distribution shall equal one
 455 quarter of the annual distribution amount set forth in subsection A available after the distribution
 456 required by ~~clause~~ *clauses* (i) and (ii). Each clerk of the court shall certify to the Comptroller, within 15
 457 days after the end of the quarter, all amounts collected under §§ 58.1-801 through 58.1-809 and actually
 458 paid into the state treasury ~~which~~ *that* are attributable to deeds and other instruments recorded in such
 459 county or city.

460 C. All moneys distributed pursuant to clause (i) of subsection B shall be used in accordance with
 461 § 33.2- 2600.1. *All moneys distributed pursuant to clause (ii) of subsection B shall be used in*
 462 *accordance with § 33.2-3901.* All moneys distributed to counties and cities pursuant to clause ~~(ii)~~ *(iii)*
 463 of subsection B shall be used for (i) transportation purposes, including, without limitation, construction,
 464 administration, operation, improvement, maintenance, and financing of transportation facilities, or (ii)
 465 public education.

466 As used in this section, the term "transportation facilities" shall include all transportation-related
 467 facilities, including but not limited to all highway systems, public transportation or mass transit systems
 468 as defined in § 33.2-100, airports as defined in § 5.1-1, and port facilities as defined in § 62.1-140. Such
 469 term shall be liberally construed for purposes of this section.

470 D. If any revenues distributed to a county or city under clause ~~(ii)~~ *(iii)* of subsection B are applied or
 471 expended for any transportation facilities under the control and jurisdiction of any state agency, board,
 472 commission, or authority, such transportation facilities shall be constructed, operated, administered,
 473 improved, and maintained in accordance with laws, rules, regulations, policies, and procedures governing
 474 such state agency, board, commission, or authority; however, in the event that these revenues, or a
 475 portion thereof, are expended for improving or constructing highways in a county that is subject to the
 476 provisions of § 33.2-338, such expenditures shall be undertaken in the manner prescribed in that statute.

477 E. In the case of any distribution to a county or city in which an office sharing agreement pursuant
 478 to §§ 15.2-1637 and 15.2-3822 is in effect, the Comptroller shall divide the distribution among the office
 479 sharing counties and cities. Each clerk of the court acting pursuant to an office sharing agreement shall
 480 certify to the Comptroller, within 15 days after the end of the quarter, all amounts collected under
 481 §§ 58.1-801 through 58.1-809 and actually paid into the state treasury ~~which~~ *that* are attributable to
 482 deeds and other instruments recorded on behalf of each county and city.

483 **§ 58.1-816. (Contingent effective date, see Acts 2020, cc. 1241 and 1281) Distribution of**
 484 **recording tax to cities and counties.**

485 A. Effective October 1, 1993, \$20 million of the taxes imposed under §§ 58.1-801 through 58.1-809
 486 that are actually paid into the state treasury, shall be distributed among the counties and cities of the
 487 Commonwealth, except for counties and cities located in Planning District 8, in the manner provided in
 488 subsection B. Effective July 1, 1994, such annual distribution shall increase to \$40 million. Effective
 489 July 1, 2020, such annual distribution shall be \$20 million. *Effective July 1, 2023, such annual*

490 *distribution shall be \$55 million.*

491 B. Subject to any transfer required under § 58.1-816.1, (i) \$15 million of the state taxes distributable
 492 under this section shall be deposited annually into the Fund established pursuant to § 33.2-3901 and (ii)
 493 the share of the state taxes distributable under this section among the counties and cities shall be
 494 apportioned and distributed quarterly to each county or city by the Comptroller by multiplying the
 495 amount to be distributed by a fraction in which the numerator is the amount of the taxes imposed under
 496 §§ 58.1-801 through 58.1-809 and actually paid into the state treasury ~~which~~ *that* are attributable to
 497 deeds and other instruments recorded in the county or city and the denominator is the amount of taxes
 498 imposed under §§ 58.1-801 through 58.1-809 actually paid into the state treasury. All distributions
 499 pursuant to this section shall be made on a quarterly basis within 30 days of the end of the quarter.
 500 Such quarterly distribution shall equal \$10 million. Each clerk of the court shall certify to the
 501 Comptroller, within 15 days after the end of the quarter, all amounts collected under §§ 58.1-801
 502 through 58.1-809 and actually paid into the state treasury ~~which~~ *that* are attributable to deeds and other
 503 instruments recorded in such county or city.

504 C. All moneys distributed pursuant to clause (i) of subsection B shall be used in accordance with
 505 § 33.2-3901. All moneys distributed to counties and cities pursuant to ~~this section~~ clause (ii) of
 506 subsection B shall be used for (i) transportation purposes, including, without limitation, construction,
 507 administration, operation, improvement, maintenance and financing of transportation facilities, or (ii)
 508 public education.

509 As used in this section, the term "transportation facilities" shall include all transportation-related
 510 facilities including, but not limited to, all highway systems, public transportation or mass transit systems
 511 as defined in § 33.2-100, airports as defined in § 5.1-1, and port facilities as defined in § 62.1-140. Such
 512 term shall be liberally construed for purposes of this section.

513 D. If any revenues distributed to a county or city under clause (ii) of subsection B are applied or
 514 expended for any transportation facilities under the control and jurisdiction of any state agency, board,
 515 commission or authority, such transportation facilities shall be constructed, operated, administered,
 516 improved and maintained in accordance with laws, rules, regulations, policies and procedures governing
 517 such state agency, board, commission or authority; however, in the event these revenues, or a portion
 518 thereof, are expended for improving or constructing highways in a county ~~which~~ *that* is subject to the
 519 provisions of § 33.2-338, such expenditures shall be undertaken in the manner prescribed in that statute.

520 E. In the case of any distribution to a county or city in which an office sharing agreement pursuant
 521 to §§ 15.2-1637 and 15.2-3822 is in effect, the Comptroller shall divide the distribution among the office
 522 sharing counties and cities. Each clerk of the court acting pursuant to an office sharing agreement shall
 523 certify to the Comptroller, within 15 days after the end of the quarter, all amounts collected under
 524 §§ 58.1-801 through 58.1-809 and actually paid into the state treasury ~~which~~ *that* are attributable to
 525 deeds and other instruments recorded on behalf of each county and city.

526 **§ 58.1-1744. (For contingent expiration, see Acts 2020, cc. 1230 and 1275) Local transportation**
 527 **transient occupancy tax.**

528 A. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional
 529 transient occupancy tax at the rate of three percent of the amount of the charge for the occupancy of
 530 any room or space occupied in any county or city that is (i) a member of the Northern Virginia
 531 Transportation Authority and (ii) that is not described in § 58.1-1743 or subsection B.

532 B. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional
 533 transient occupancy tax at the rate of one percent of the amount of the charge for the occupancy of any
 534 room or space occupied in any county or city that is a member of the Fredericksburg Area
 535 Transportation Authority.

536 C. 1. The tax imposed under this section shall be imposed only for the occupancy of any room or
 537 space that is suitable or intended for occupancy by transients for dwelling, lodging, or sleeping purposes.

538 The tax imposed under this section shall be administered by the locality in which the room or space
 539 is located in the same manner as it administers the tax authorized by § 58.1-3819 or 58.1-3840, mutatis
 540 mutandis, except as herein provided. The revenue generated and collected from the tax shall be
 541 deposited by the local treasurer, *except that such revenues collected and generated pursuant to*
 542 *subsection B shall be deposited into the Fredericksburg Area Transportation Fund established in §*
 543 *33.2-3901*

544 2. a. Two-thirds of the revenue collected pursuant to ~~this section~~ subsection A may be used only for
 545 public transportation purposes and the remaining revenue may be used for any transportation purpose.

546 b. One-half of the revenue collected pursuant to subsection B may be used only for public
 547 transportation purposes and the remaining revenue may be used for any transportation purpose.

548 **2. That the provisions of this act that generate additional revenues for transportation shall expire**
 549 **on December 31 of any year in which the General Assembly, a locality located in Planning District**
 550 **16, or the Fredericksburg Area Transportation Authority, as created by this act, appropriates or**

551 transfers any of such additional revenue for any non-transportation-related purpose.
552 3. That the Fredericksburg Area Transportation Authority, as created by this act, shall evaluate
553 the governance structure of transit service in Planning District 16, including the evaluation of
554 establishing a transportation district pursuant to Chapter 19 (§ 33.2-1900 et seq.) of Title 33.2 of
555 the Code of Virginia, and report the results of such evaluation to the Governor and the General
556 Assembly no later than December 1, 2023.