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SENATE BILL NO. 1344

Offered January 16, 2007

A *BILL to amend and reenact § 58.1-811 of the Code of Virginia, relating to exemptions from recordation taxes.*

Patron—Lambert

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-811 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-811. Exemptions.

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

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

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

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

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

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

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

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

8. To the surviving or new corporation, partnership or limited liability company upon merger or consolidation of two or more corporations, partnerships or limited liability companies, or in a reorganization within the meaning of § 368 (a) (1) (C) and (F) of the Internal Revenue Code as amended;

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

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

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

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

13. When the grantor is the personal representative of a decedent's estate or trustee under a will or inter vivos trust of which the decedent was the settlor, other than a security trust defined in § 55-58.1, and the sole purpose of such transfer is to comply with a devise or bequest in the decedent's will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a dispositive provision in the trust instrument; or

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

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59 population of not less than 28,500 and not more than 28,650 or a city with a population of not less than
60 66,000 and not more than 70,000.

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

62 1. Given by an incorporated college or other incorporated institution of learning not conducted for
63 profit; *or given by a corporation not conducted for profit or a limited liability company, provided that*
64 *such corporation or limited liability company is owned or controlled by an incorporated college not*
65 *conducted for profit or an incorporated institution of learning not conducted for profit;*

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

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

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

72 5. Securing a loan made by an organization described in subdivision 14 of subsection A of this
73 section.

74 C. The tax imposed by § 58.1-802 shall not apply to any:

75 1. Transaction described in subdivisions 6 through 13 of subsection A of this section;

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

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

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

81 5. Conveyance of real estate to the Commonwealth or any county, city, town, district or other
82 political subdivision thereof, if such political unit is required by law to reimburse the parties taxable
83 pursuant to § 58.1-802; or

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

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

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

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

96 G. The words "trustee" or "trustees," as used in subdivision 2 of subsection A, subdivision 2 of
97 subsection B, and subdivision 6 of subsection C, include the trustees mentioned in § 57-8 and the
98 ecclesiastical officers mentioned in § 57-16.

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

102 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement,
103 release, or other document recorded in connection with a concession pursuant to the Public-Private
104 Transportation Act of 1995 (§ 56-556 et seq.) or similar federal law.