

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Jeion A. Ward

3. **Committee** House Finance

4. **Title** Recordation Tax Exemptions; Hampton Roads Proton Beam Therapy Institute at Hampton University

2. **Bill Number** HB 3070

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide an exemption from the recordation tax for mortgages and deeds of trust, including construction loan mortgages and deeds of trust, given by nonprofit corporations or limited liability companies (LLC) that are owned or controlled by a nonprofit college or other institute of higher education. The exemption is limited to those nonprofit corporations or LLCs whose purpose is to own and operate nonprofit educational, research, training, or treatment facilities in medical, scientific public health, and public safety disciplines.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

Administrative Impact

TAX would not have any administrative costs to implement this bill.

Revenue Impact

Passage of this bill would have a negative General Fund revenue impact of unknown magnitude. This bill was written for the Hampton Roads Proton Beam Therapy Institute. Published news reports indicated that it is expected to cost \$189 million to build the institute. If all of the cost is financed and secured by one recorded deed of trust, the exemption would reduce state and local revenue by \$367,600. It is unknown how many other companies will qualify for this exemption. The value of any real estate transactions in which such companies will be involved is also unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Currently Va. Code § 58.1-811(B) provides an exemption from the recordation tax to incorporated colleges or other incorporated institutions of learning not conducted for profit, non-profit churches or religious bodies, non-profit hospitals, political subdivisions of the Commonwealth and non-profit organizations that provide housing to low-income families. The exemption allows them to record deeds of trust and mortgages, including construction loan documents, without paying recordation tax. The exemption, however, does not extend to affiliated entities of such organizations.

Proposed Changes

This bill would provide extend the exemption to nonprofit corporations or limited liability companies (LLC) that are owned or controlled by a nonprofit college or other institute of higher education. The exemption is limited to those nonprofit corporations or LLCs whose purpose is to own and operate nonprofit educational, research, training, or treatment facilities in medical, scientific public health, and public safety disciplines. This bill was written for the benefit of the Hampton Roads Proton Beam Therapy Institute at Hampton University and will exempt the Institute from recordation tax on any deeds of trust or mortgages related to financing the construction of the institute.

Similar Legislation

Senate Bill 1344 is similar to this bill.

cc : Secretary of Finance

Date: 1/26/2007 JOC
DLAS File Name