

**DEPARTMENT OF TAXATION
2007 Fiscal Impact Statement**

1. **Patron** Benjamin J. Lambert III
3. **Committee** House Finance
4. **Title** Recordation Tax; Exemptions

2. **Bill Number** SB 1344
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 X **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 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 considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

Passage of this bill would have a negative General Fund revenue impact of unknown magnitude. It is unknown how many 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.

cc : Secretary of Finance

Date: 2/6/2007 JOC
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