

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** Joe T. May

3. **Committee** House Finance

4. **Title** Recordation Fees

2. **Bill Number** HB 680

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would increase the fee from \$1 to \$2 for every deed, deed of trust, contract, or other instrument admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation. Fees collected would be remitted to the Virginia Outdoors Foundation.

This bill is effective for deeds, contracts or other instruments recorded on or after July 1, 2010.

6. Fiscal Impact Estimates are: Preliminary. (See Line 8.)

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009-10	\$0	NGF
2010-11	\$600,000	NGF
2011-12	\$600,000	NGF
2012-13	\$600,000	NGF
2013-14	\$600,000	NGF
2014-15	\$600,000	NGF
2015-16	\$600,000	NGF

7. Budget amendment necessary: Yes.

Page 1, Revenue Estimates

8. Fiscal implications:

Administrative Costs

This bill would have no administrative impact for TAX.

Revenue Impact

This bill would increase Nongeneral Fund revenues by \$600,000 per year beginning in FY 2011. In fiscal year 2009, \$616,940 was collected and apportioned to the Open-Space Preservation Fund. Assuming the same number of yearly transactions, the bill would double deposits to the special fund or increase deposits by approximately \$600,000 per year. All fees collected would be remitted to the Virginia Outdoors Foundation.

9. Specific agency or political subdivisions affected:

Department of Taxation
Virginia Department of Accounts
Virginia Outdoors Foundation
Circuit Court Clerks

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Currently, a recordation tax may be imposed in Virginia on:

- Every deed admitted to record at a rate of 25 cents on every \$100 of the greater of the consideration paid or the value of the property;
- A grantor for recording any instrument. The rate of the tax, when the consideration for the interest exceeds \$100, is fifty cents for each \$500 of the greater of the consideration paid or the value of the property, exclusive of the value of any lien or encumbrance remaining at the time of the sale.
- Deeds of trust or mortgages at a rate of 25 cents on every \$100 of the amount of bonds or other obligations secured;
- Deeds of release for 50 cents.
- Deeds of partition or deeds pertaining to divorce for 50 cents per deed.
- Contracts or leases at the rate of 25 cents on every \$100 of the consideration or value contracted for.

In 2004, the General Assembly passed legislation (Acts of Assembly, Chapter 990, House Bill 549), that created a one-dollar fee on every deed admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation. Fees collected are remitted to the Virginia Outdoors Foundation.

The Virginia Outdoors Foundation was established to promote the preservation of open-space lands and to encourage private gifts of money, securities, land or other property to

preserve the natural, scenic, historic, scientific, open-space and recreational areas of the Commonwealth.

Proposal

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cc : Secretary of Finance

Date: 1/17/2010 TG
HB680F161