

DEPARTMENT OF TAXATION 2020 Fiscal Impact Statement

1. **Patron** Richard C. Sullivan, Jr.

3. **Committee** Passed House and Senate

4. **Title** Deeds not Taxable; Deeds Involving Only Spouses

2. **Bill Number** HB 1580
House of Origin:
 Introduced
 Substitute
 Engrossed

Second House:
 In Committee
 Substitute
 X **Enrolled**

5. Summary/Purpose:

This bill would clarify that the Recordation Tax exemption for deeds between married persons includes deeds between all spouses.

Under current law, the Recordation Tax exemption for deeds between married persons refers to “a husband and wife.”

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

6. Budget amendment necessary: No.

7. No Fiscal Impact (See Line 8.)

8. Fiscal implications:

This bill would have no state or local administrative or revenue impact.

9. Specific agency or political subdivisions affected:

All localities.

10. Technical amendment necessary: No.

11. Other comments:

Under current law, the following five types of supplemental deeds are exempt from the Recordation Tax when the tax has been paid on the original deed:

- Deed of confirmation;
- Deed of correction;
- Deed to which a husband and wife are the only parties;

- Deed arising out of a contract to purchase real estate so long as the tax paid on the original deed was the proper amount; and
- Notice of assignment of a note secured by a deed of trust or mortgage.

This bill would clarify that the exemption for “a husband and wife” includes all married persons. This clarification reflects the fact that Virginia has recognized same-sex unions since 2014.

Proposal

This bill would clarify that the Recordation Tax exemption for deeds between married persons includes deeds between all spouses.

If enacted during the 2020 Regular Session of the General Assembly, this bill would become effective July 1, 2020.

Similar Legislation

House Bill 788 would provide that no deed recorded on or after July 1, 2020 shall contain a reference to a specific portion of a restrictive covenant purporting to restrict the ownership or use of property on the basis of race, color, religion, national origin, sex, elderliness, or familial status, and that a clerk may refuse to accept any such deed submitted for recordation that references such language. The bill also provides that a Certificate of Release of Certain Prohibited Covenants is a tax-exempt deed.

House Bill 1615 would clarify that on deeds of trust or mortgage that convey property within the Commonwealth to secure bonds or obligations secured by deeds of trust or mortgage on property outside the Commonwealth, recordation tax shall be imposed only upon such proportion of the bonds or obligations as the actual value of the property located within the Commonwealth bears to the actual value of the entire amount of property conveyed only when the deed or mortgage being recorded secures the entire amount of such bonds or obligations.

cc: Secretary of Finance

Date: 3/16/2020 VB
HB1580FER161