

**DEPARTMENT OF TAXATION
2020 Fiscal Impact Statement**

1. **Patron** Richard C. Sullivan, Jr.
3. **Committee** Senate Finance and Appropriations
4. **Title** Recordation Tax; Supplemental Writings

2. **Bill Number** HB 1615
House of Origin:
 Introduced
 Substitute
 Engrossed
- Second House:**
 X **In Committee**
 Substitute
 Enrolled

5. Summary/Purpose:

This bill 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.

Under current law, recordation tax is apportioned based on the 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 even if the deed or writing does not secure the entire amount of bonds or obligations.

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

Administrative Costs

This bill would have an unknown impact on local administrative costs.

The Department of Taxation considers implementation of this bill to be routine and does not require additional funding.

Revenue Impact

This bill would have an unknown impact on state and local revenues to the extent it alters the collection of the recordation tax is currently being collected on these types of writings.

9. Specific agency or political subdivisions affected:

Department of Taxation
All localities

10. Technical amendment necessary: No.

11. Other comments:

Recordation Tax – Supplemental Writings

A deed of trust or mortgage securing a debt or other obligation is charged recordation tax based on the amount of the obligation secured. When deeds of trust or mortgages conveying property within Virginia to secure bonds or obligations secured by deeds of trust or mortgages on property outside Virginia, the recordation tax is apportioned based on the proportion of the bonds or obligations as the actual value of the property inside Virginia bears to the entire amount of property conveyed by all such writings being recorded.

Deeds or mortgages dealing with multi-state debt and security may describe the entire amount secured or may instead list only the portion of the amount secured that is tied to or secured by Virginia property. When the writing describes only the amount tied to Virginia property, this bill would preclude apportionment of the recordation tax, instead requiring the tax to be levied on the fair market value of the Virginia property being conveyed.

Proposal

This bill 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.

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

Similar Legislation

House Bill 1580 would clarify that the exemption for deeds to which only married couples are parties applies to all spouses.

House Bill 1622 would authorize the Virginia Outdoors Foundation to provide grants to persons conveying to the Foundation fee simple title or other rights to interests or privileges in property and to provide grants to localities acquiring such interests. The bill also would increase from one dollar to three dollars the fee for open-space preservation charged for every writing, document, and instrument admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation, and clarify that the fee applies to any "deed, deed of trust, contract, or other instrument" admitted to record, replacing the term "deed."

House Bill 1623 would increase from one dollar to three dollars the fee for open-space preservation charged for every writing, document, and instrument admitted to record in those jurisdictions in which open-space easements are held by the Virginia Outdoors Foundation. The bill would also clarify that the fee applies to any "writing, document, and instrument" admitted to record, replacing the term "deed."

cc : Secretary of Finance

Date: 2/11/2020 VB
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