

DEPARTMENT OF TAXATION

2024 Fiscal Impact Statement

1. **Patron** Angelia Williams Graves

3. **Committee** Senate Finance and Appropriations

4. **Title** Recordation Tax and Property Tax;
Certain Confederate Organizations

2. **Bill Number** SB 517

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would eliminate the recordation tax exemption for the Virginia Division of the United Daughters of the Confederacy. The bill would also eliminate the tax-exempt designation for real and personal property owned by the Virginia Division of the United Daughters of the Confederacy and the General Organization of the United Daughters of the Confederacy.

Under current law, the state recordation tax does not apply to any deed conveying real estate or the lease of real estate to the Virginia Division of the United Daughters of the Confederacy. Real and personal property owned by the Virginia Division of United Daughters of the Confederacy or the General Organization of the United Daughters of the Confederacy are also currently exempt from taxation.

If enacted during the regular session of the 2024 General Assembly this bill would become effective July 1, 2024.

6. **Budget amendment necessary:** No.

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

8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact on local administrative costs but would have no impact on state costs.

Revenue Impact

This bill would have an unknown positive impact to state and local revenues to the extent that deeds conveying real estate or the lease of real estate to the Virginia Division of the United Daughters of the Confederacy become subject to the state recordation tax and the local recordation tax.

This bill would have an unknown impact on local revenues to the extent that real and personal property owned by the Virginia Division of United Daughters of the Confederacy or the General Organization of the United Daughters of the Confederacy is now subject to local taxation.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Recordation Tax

Under current law, every deed or deed of trust or lease admitted to record, except a deed exempt from taxation by law, is subject to a state recordation tax. Generally, the tax is imposed in the amount of \$0.25 per \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater. An additional recordation tax may be imposed by cities and counties in an amount equal to one-third of the state tax.

Deeds conveying real estate or the lease of real estate to the Virginia Division of the United Daughters of the Confederacy are specifically exempted from state recordation tax.

Property Exempt from Taxation by Designation

Article X, Section 6(a)(6) of the Constitution of Virginia provides that property used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes shall be exempt from state and local taxation. *Code of Virginia* § 58.1 – 3607 (A)(1) enumerates the organizations that would be exempt from taxation pursuant to this Constitutional authority, including the Virginia Division of United Daughters of the Confederacy and the General Organization of the United Daughters of the Confederacy.

Proposal

This bill would eliminate the recordation tax exemption for the Virginia Division of the United Daughters of the Confederacy. The bill would also eliminate the tax-exempt designation for real and personal property owned by the Virginia Division of the United Daughters of the Confederacy and the General Organization of the United Daughters of the Confederacy.

If enacted during the regular session of the 2024 General Assembly this bill would become effective July 1, 2024.

Similar Legislation

House Bill 568 is identical to this bill.

House Bill 574 would provide that for purposes of recordation taxes, the value of a property interest conveyed shall be the most recent property tax assessment for such property at the time the property is conveyed.

House Bill 1297 would provide that beginning July 1, 2026, after required distributions for transportation and localities under current law, up to \$200 million of the remaining recordation tax revenues shall be distributed for specified land protection and preservation purposes.

cc : Secretary of Finance

Date: 1/19/2024 AO
SB517F161