

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB1913 E **Patron:** Reaser
Bill Title: Land records; recording and indexing fees.

Bill Summary: Provides that no clerk of a circuit court shall assess separate recording and indexing fees for one document that contains two or more instruments that may serve independent legal purposes unless the person presenting such document or instruments requests that such document or instruments be recorded and indexed in more than a single instance.

The bill also provides that no recordation tax shall be required of a quitclaim deed between a grantor and grantee when no consideration has passed between the parties, provided that such quitclaim deed shows on its face that no consideration has passed.

Budget Amendment Necessary: No **Items Impacted:** N/A
Explanation: N/A

Fiscal Summary: According to the Department of Taxation (Tax), this bill would have an indeterminate negative impact on state and local revenues. The Compensation Board reports that, to the extent that local revenues are used to support staffing needs to handle transactional workload in this area, the loss of local revenue could impact local resources to provide staff support in Circuit Court Clerk's offices, depending on the magnitude of the revenue reduction.

Fiscal Analysis: According to information provided by Tax, Virginia law establishes that a deed is effective between the parties when the grantor delivers it to the grantee. Virginia offers a recordation system in each circuit court to record deeds and has enacted laws providing certain protections for buyers and lenders who rely on the information recorded in the circuit courts. A tax is imposed for the use of the recordation system to record deeds.

The recordation taxes consist of several taxes imposed upon the recordation of deeds, deeds of trust, leases and contracts relating to real estate. In most cases, the tax rate is applied to the greater of consideration or actual value. In 1968, Congress repealed the federal documentary stamp tax and the General Assembly added another recordation tax that was based on the former stamp tax.

Under current law, every deed, except a deed exempt from taxation by law, is subject to a state recordation tax. Generally, this tax is imposed in the amount of 25 cents for every \$100 or fraction thereof of the consideration of the deed or the actual value of the property conveyed, whichever is greater. Quitclaim deeds are subject to the recordation tax at the same rate. With potentially fewer transactions as a result of this legislation, there will a reduction in state and local tax revenues that cannot be determined. In addition, with the potential for fewer documents by allowing two or more instruments in one document, fee revenues collected by Circuit Court Clerks are likely to be reduced at an amount that cannot be determined.

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Other: None