

2026 SESSION

INTRODUCED

26105165D

HOUSE BILL NO. 1000

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend and reenact §§ 58.1-603.1, 58.1-811, and 58.1-816, as they are currently effective and as they may become effective, and 58.1-1744 of the Code of Virginia and to amend the Code of Virginia by adding in Title 33.2 a chapter numbered 39, consisting of sections numbered 33.2-3900 through 33.2-3914, and by adding a section numbered 58.1-802.6, relating to Rappahannock Area Transportation Authority established; funding; recordation tax; sales and use tax; report.

Patron—Cole, J.G.

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-603.1, 58.1-811, and 58.1-816, as they are currently effective and as they may become effective, and 58.1-1744 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 33.2 a chapter numbered 39, consisting of sections numbered 33.2-3900 through 33.2-3914, and by adding a section numbered 58.1-802.6 as follows:

CHAPTER 39.

RAPPAHANNOCK TRANSPORTATION AUTHORITY.

§ 33.2-3900. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Authority" means the Rappahannock Transportation Authority established pursuant to § 33.2-3902.

"Fund" means the Rappahannock Area Transportation Fund established pursuant to § 33.2-3901.

§ 33.2-3901. Rappahannock Area Transportation Fund.

A. There is hereby created in the state treasury a special nonreverting fund for the Authority to be known as the Rappahannock Area Transportation Fund. The Fund shall be established on the books of the Comptroller. All revenues dedicated to the Fund pursuant to §§ 58.1-802.6 and 58.1-1744 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The moneys deposited in the Fund shall be used solely for (i) transportation purposes benefiting the localities comprising the Authority and (ii) administrative and operating expenses as specified in subsection B of § 33.2-3907.

B. The amounts dedicated to the Fund shall be deposited monthly by the Comptroller into the Fund and thereafter distributed to the Authority as soon as practicable for use in accordance with this chapter. If the Authority determines that such moneys distributed to it exceed the amount required to meet the current needs and demands to fund transportation purposes pursuant to this chapter, the Authority may invest such excess moneys to the same extent and in the same manner as provided in subsection A of § 33.2-1525 for excess funds in the Transportation Trust Fund.

C. The amounts deposited into the Fund and the distribution and expenditure of such amounts shall not be used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating localities. Further, such revenues and moneys shall not be included in any computation of or formula for a locality's ability to pay for public education upon which appropriations of state revenues to local governments for public education are determined.

D. After provision for the payment of administrative and operating expenses as specified in subsection B of § 33.2-3907, the revenues in the Fund shall be allocated as follows:

1. Sixty percent shall be retained by the Authority to be used for transportation-related purposes, including the provision of transit and mobility services, benefiting the localities comprising the Authority; and

2. Forty percent shall be returned, proportionally, to each locality located in the Authority to be used to improve local mobility, which may include construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality.

E. Each locality's share of the revenues returned pursuant to subdivision D 2 shall be the total of the taxes dedicated to the Fund that are generated or attributable to the locality divided by the total of such taxes dedicated to the Fund. Each locality shall create a separate, special fund in which all revenues received pursuant to subdivision D 2 shall be deposited. Each locality shall annually provide to the Authority sufficient documentation, as required by the Authority, showing that the revenues distributed under subdivision D 2 were used for the purposes set forth therein.

F. The projects and other transportation purposes supported by the revenues allocated under subdivision

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59 *D 1 shall be approved by the Authority. The Authority shall develop a prioritization process based on an*
60 *objective and quantifiable analysis that considers the benefits of projects relative to their cost. Only projects*
61 *evaluated using such process may be funded pursuant to subdivision D 1.*

62 **§ 33.2-3902. Rappahannock Transportation Authority created.**

63 *The Rappahannock Area Transportation Authority is hereby created as a body politic and as a political*
64 *subdivision of the Commonwealth. The Authority shall initially embrace each (i) city and (ii) county with a*
65 *population in excess of 150,000, as determined by the decennial census most recently preceding the creation*
66 *of the Authority, located in Planning District 16, which is established pursuant to Chapter 42 (§ 15.2-4200 et*
67 *seq.) of Title 15.2.*

68 **§ 33.2-3903. Joinder of other localities.**

69 *Any locality in Planning District 16 may join the Authority. The governing body of any locality wishing to*
70 *join the Authority shall by resolution or ordinance provide for the joinder of such locality to the Authority.*

71 **§ 33.2-3904. Composition of Authority.**

72 *A. The Authority shall consist of members as follows:*

73 *1. Two elected representatives of the governing body of each of the counties embraced by the Authority,*

74 *appointed by the Board of Supervisors of such county;*

75 *2. Two members of the City Council of any city embraced by the Authority, appointed by the City Council*
76 *of such city;*

77 *3. One member of the House of Delegates who resides in a county or city embraced by the Authority,*
78 *appointed by the Speaker of the House of Delegates, and one member of the Senate who resides in a county*
79 *or city embraced by the Authority, appointed by the Senate Committee on Rules;*

80 *4. A member of the Commonwealth Transportation Board who resides in a locality embraced by the*
81 *Authority and is appointed by the Governor; and*

82 *5. The following four persons serving ex officio as nonvoting members of the Authority: the Director of*
83 *the Department of Rail and Public Transportation, or his designee; the Commissioner of Highways, or his*
84 *designee; the Administrator of the Fredericksburg Area Metropolitan Planning Organization, or his*
85 *designee; and the Executive Director of the George Washington Regional Commission.*

86 *All members of the Authority shall serve terms coincident with their terms of office. Vacancies shall be*
87 *filled in the same manner as the original appointment. Each jurisdiction may designate another current*
88 *elected official of such governing body to attend such meeting of the Authority. Such alternate designation*
89 *shall be submitted in writing or electronically to the chair of the Authority at least 48 hours prior to the*
90 *affected meeting.*

91 *B. The Authority shall elect a chair and vice-chair from among its voting membership.*

92 **§ 33.2-3905. Staffing.**

93 *The Authority may employ a chief executive officer and such staff as it shall determine to be necessary to*
94 *carry out its duties and responsibilities under this chapter. No such person shall contemporaneously serve as*
95 *a member of the Authority. The Department of Transportation and the Department of Rail and Public*
96 *Transportation shall make their employees available to assist the Authority, upon request.*

97 **§ 33.2-3906. Decisions of the Authority.**

98 *A majority of voting members of the Authority shall constitute a quorum. Vacancies shall not be*
99 *considered in the establishment of a quorum. Decisions of the Authority shall require an affirmative vote of*
100 *those present and voting whose votes represent at least four-fifths of the population embraced by the*
101 *Authority; however, no motion to fund a specific facility or service shall fail because of this population*
102 *criterion if such facility or service is not located or to be located or provided or to be provided within the*
103 *county or city whose chief elected officer's or elected official's, or its respective designee's, sole negative vote*
104 *caused the facility or service to fail to meet the population criterion. The population of counties and cities*
105 *embraced by the Authority shall be the population as determined by the most recently preceding decennial*
106 *census, except that on July 1 of the fifth year following such census, the population of each county and city*
107 *shall be adjusted, based on population estimates made by the Weldon Cooper Center for Public Service of the*
108 *University of Virginia. Population totals shall be split in equal parts between the two representatives from the*
109 *same county or city.*

110 **§ 33.2-3907. Annual budget and allocation of expenses.**

111 *A. The Authority shall adopt an annual budget and develop a funding plan to be supported by the*
112 *revenues allocated under subdivision D 1 of § 33.2-3901 and shall provide for such development and*
113 *adoption in its bylaws. The funding plan shall provide for the expenditure of funds for transportation*
114 *purposes over a four-to-six-year period and shall align with the Statewide Transportation Plan established*
115 *pursuant to § 33.2-353, the long-range transportation plan of the Fredericksburg Area Metropolitan*
116 *Planning Organization, the Rural Long Range Transportation Plan of the George Washington Regional*
117 *Commission, or the long-range transportation plans of participating localities as much as possible. The*
118 *Authority shall solicit public comment on its budget and funding plan by posting a summary of such budget*
119 *and funding plan on its website and holding a public hearing. Such public hearing shall be advertised on the*
120 *Authority's website and in a newspaper of general circulation in Planning District 16.*

121 B. The administrative and operating expenses of the Authority shall be provided in an annual budget
 122 adopted by the Authority and, to the extent funds for such expenses are not provided from other sources, shall
 123 be paid from the Fund. Such budget shall be limited solely to the administrative and operating expenses of
 124 the Authority and shall not include any funds for construction or acquisition of transportation facilities or the
 125 maintenance or performance of any transportation service.

126 C. Members may be reimbursed for all reasonable and necessary expenses as provided in §§ 2.2-2813
 127 and 2.2-2825, if approved by the Authority. Funding for the costs of compensation and expenses of the
 128 members shall be provided by the Authority.

129 D. The Auditor of Public Accounts, or his legally authorized representatives, shall annually audit the
 130 financial accounts of the Authority, and the cost of such audit shall be borne by the Authority.

131 **§ 33.2-3908. Authority to issue bonds.**

132 The Authority may issue bonds and other evidences of debt as may be authorized by this section or other
 133 law. The provisions of Article 5 (§ 33.2-1920 et seq.) of Chapter 19 shall apply, mutatis mutandis, to the
 134 issuance of such bonds or other debt. The Authority may issue bonds or other debt in such amounts as it
 135 deems appropriate. The bonds may be supported by any funds available.

136 **§ 33.2-3909. Powers of the Authority.**

137 A. The Authority shall have the following powers together with all powers incidental thereto or necessary
 138 for the performance of those hereinafter stated:

139 1. To sue and be sued and to prosecute and defend, at law or in equity, in any court having jurisdiction of
 140 the subject matter and of the parties;

141 2. To adopt and use a corporate seal and to alter the same at its pleasure;

142 3. To procure insurance, participate in insurance plans, and provide self-insurance; however, the
 143 purchase of insurance, participation in an insurance plan, or the creation of a self-insurance plan by the
 144 Authority shall not be deemed a waiver or relinquishment of any sovereign immunity to which the Authority
 145 or its officers, directors, employees, or agents are otherwise entitled;

146 4. To establish bylaws and make all rules and regulations, not inconsistent with the provisions of this
 147 chapter, deemed expedient for the management of the Authority's affairs;

148 5. To apply for and accept money, materials, contributions, grants, or other financial assistance from the
 149 United States and agencies or instrumentalities thereof, the Commonwealth and any political subdivision,
 150 agency, or instrumentality of the Commonwealth, and any legitimate private source;

151 6. To acquire real and personal property or any interest therein by purchase, lease, gift, or otherwise for
 152 purposes consistent with this chapter and to hold, encumber, sell, or otherwise dispose of such land or
 153 interest for purposes consistent with this chapter;

154 7. To acquire by purchase, lease, contract, or otherwise highways, bridges, or tunnels and to construct the
 155 same by purchase, lease, contract, or otherwise;

156 8. In consultation with the Commonwealth Transportation Board for projects that encompass a state
 157 highway, and with each city or county in which the facility or any part thereof is or is to be located, to repair,
 158 expand, enlarge, construct, reconstruct, or renovate any or all highways, bridges, and tunnels within
 159 Planning District 16 and to acquire any real or personal property needed for any such purpose;

160 9. To enter into agreements or leases with public or private entities for the operation and maintenance of
 161 bridges, transit and rail facilities, and highways;

162 10. To make and execute contracts, deeds, mortgages, leases, and all other instruments and agreements
 163 necessary or convenient for the performance of its duties and the exercise of its powers and functions under
 164 this chapter;

165 11. To the extent funds are made or become available to the Authority to do so, to employ employees,
 166 agents, advisors, and consultants, including without limitation attorneys, financial advisers, engineers,
 167 transportation planners, and other technical advisers, and, the provisions of any other law to the contrary
 168 notwithstanding, to determine their duties and compensation;

169 12. To exercise the powers of a locality pursuant to § 33.2-269; and

170 13. To the extent not inconsistent with the other provisions of this chapter, and without limiting or
 171 restricting the powers otherwise given the Authority, to exercise all of the powers given to transportation
 172 district commissions by § 33.2-1919.

173 B. The Authority shall comply with the provisions governing localities contained in § 15.2-2108.23.

174 **§ 33.2-3910. Additional powers of the Authority.**

175 Notwithstanding any contrary provision of this title and in accordance with all applicable federal statutes
 176 and requirements, the Authority shall control and operate and may impose and collect tolls in amounts
 177 established by the Authority for the use of any new or improved highway, bridge, or tunnel, to increase
 178 capacity on such facility or to address congestion within the localities embraced by the Authority,
 179 constructed by the Authority (i) with federal, state, or local funds; (ii) solely with revenues of the Authority;
 180 or (iii) with revenues under the control of the Authority. The amount of any such toll may be varied from
 181 facility to facility, by lane, by congestion levels, by day of the week, by time of day, by type or size of vehicle,
 182 by number of axles, or by any similar combination thereof or any other factor the Authority may deem

183 proper, and a reduced rate may be established for commuters as defined by the Authority. All such tolls shall
184 be used for programs and projects that are reasonably related to or benefit the users of the new or improved
185 highway, bridge, or tunnel, including for the debt service and other costs of bonds whose proceeds are used
186 for construction or improvement of such highway, bridge, or tunnel.

187 Any tolls imposed by the Authority shall be collected by an electronic toll system that, to the extent
188 possible, shall not impede the traffic flow of the facility or prohibit a toll facility from retaining means of
189 nonautomated toll collection in some lanes of the facility. For all facilities tolled by the Authority, there shall
190 be signs erected prior to the point of toll collection that clearly state how the majority of the toll revenue is
191 being spent by the Authority to benefit the users of the facility.

192 **§ 33.2-3911. Authority a responsible public entity under Public-Private Transportation Act of 1995.**

193 The Authority is a responsible public entity as defined in § 33.2-1800 and shall be regulated in
194 accordance with the terms of the Public-Private Transportation Act of 1995 (§ 33.2-1800 et seq.) and
195 regulations and guidelines adopted pursuant thereto.

196 **§ 33.2-3912. Continuing responsibilities of the Commonwealth Transportation Board and the
197 Department of Transportation.**

198 Except as otherwise explicitly provided in this chapter, until such time as the Authority and the
199 Department of Transportation, or the Authority and the Commonwealth Transportation Board, agree
200 otherwise in writing, the Commonwealth Transportation Board shall allocate funding to and the Department
201 of Transportation shall perform or cause to be performed all maintenance and operation of the bridges and
202 roadways and shall perform such other required services and activities with respect to such bridges and
203 roadways as were being performed on July 1, 2026.

204 **§ 33.2-3913. Continued responsibilities for local transit funding.**

205 No locality embraced by the Authority shall reduce its local funding for public transit by more than 50
206 percent of what it appropriated for public transit as of July 1, 2025. Starting in fiscal year 2028, the amount
207 required to be provided by a locality pursuant to this section shall be adjusted annually based on the greater
208 of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-
209 U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year, or
210 (ii) zero.

211 **§ 33.2-3914. Use of revenues by the Authority.**

212 Notwithstanding any other provision of this chapter, all moneys received by the Authority shall be used by
213 the Authority solely for the benefit of those counties, cities, and towns that are embraced by the Authority,
214 and such moneys shall be used by the Authority in a manner that is consistent with the purposes stated in this
215 chapter.

216 **§ 58.1-603.1. (For contingent expiration dates, see Acts 2013, c. 766, and Acts 2020, c. 1235)**
217 **Additional state sales tax in certain counties and cities.**

218 A. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each
219 county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title
220 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more as shown by the most recent
221 United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit
222 ridership of not less than 15 million riders per year across all transit systems within the Planning District or
223 (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and
224 also meets the vehicle registration and ridership criteria set forth in clause (i), a retail sales tax at the rate of
225 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective
226 beginning on the July 1 immediately following the calendar year in which all of the criteria have been met.

227 B. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each
228 county and city located in (i) Planning District 15 established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of
229 Title 15.2 a retail sales tax at the rate of 0.70 percent and (ii) a locality embraced by the Rappahannock
230 Transportation Authority established pursuant to Chapter 39 (§ 33.2-3900 et seq.) of Title 33.2 a retail sales
231 tax at the rate of 0.50 percent. In no case shall an additional sales tax be imposed pursuant to both clause (ii)
232 of subsection A and this subsection.

233 C. The tax imposed pursuant to subsections A and B shall not be levied upon food purchased for human
234 consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax
235 shall be added to the rate of the state sales tax imposed pursuant to § 58.1-603 in each such county and city
236 and shall be subject to all the provisions of this chapter and the rules and regulations published with respect
237 thereto. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. Such tax shall
238 be administered and collected by the Tax Commissioner in the same manner and subject to the same penalties
239 as provided for the state sales tax under § 58.1-603.

240 D. The revenue generated and collected pursuant to the tax authorized under this section, less the
241 applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds
242 established by law. In the case of Planning District 8, the revenue generated and collected therein shall be
243 deposited into the fund established in § 33.2-2509. In the case of a locality embraced by the Rappahannock
244 Transportation Authority, the revenue generated and collected therein shall be deposited into the fund

245 *established in § 33.2-3901. In the case of Planning District 23, the revenue generated and collected therein*
 246 *shall be deposited into the fund established in § 33.2-2600. In the case of Planning District 15, the revenue*
 247 *generated and collected therein shall be deposited into the fund established in § 33.2-3701. For additional*
 248 *planning districts that may become subject to this section, funds shall be established by appropriate*
 249 *legislation.*

250 **§ 58.1-603.1. (For contingent effective date, see Acts 2020, c. 1235; for contingent expiration date,
 251 see Acts 2013, c. 766) Additional state sales tax in certain counties and cities.**

252 A. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each
 253 county and city located in a Planning District established pursuant to Chapter 42 (§ 15.2-4200 et seq.) of Title
 254 15.2 that (i) as of January 1, 2013, has a population of 1.5 million or more as shown by the most recent
 255 United States Census, has not less than 1.2 million motor vehicles registered therein, and has a total transit
 256 ridership of not less than 15 million riders per year across all transit systems within the Planning District or
 257 (ii) as shown by the most recent United States Census meets the population criteria set forth in clause (i) and
 258 also meets the vehicle registration and ridership criteria set forth in clause (i), a retail sales tax at the rate of
 259 0.70 percent. In any case in which the tax is imposed pursuant to clause (ii) such tax shall be effective
 260 beginning on the July 1 immediately following the calendar year in which all of the criteria have been met.

261 *B. In addition to the sales tax imposed pursuant to § 58.1-603, there is hereby levied and imposed in each
 262 county and city embraced by the Rappahannock Transportation Authority established pursuant to Chapter 39
 263 (§ 33.2-3900 et seq.) of Title 33.2 a retail sales tax at the rate of 0.50 percent. In no case shall an additional
 264 sales tax be imposed pursuant to both clause (ii) of subsection A and this subsection.*

265 **Such C.** *The tax imposed pursuant to subsections A and B shall not be levied upon food purchased for*
 266 *human consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such*
 267 *tax shall be added to the rate of the state sales tax imposed pursuant to § 58.1-603 in each such county and*
 268 *city and shall be subject to all the provisions of this chapter and the rules and regulations published with*
 269 *respect thereto. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. Such*
 270 *tax shall be administered and collected by the Tax Commissioner in the same manner and subject to the same*
 271 *penalties as provided for the state sales tax under § 58.1-603.*

272 D. The revenue generated and collected pursuant to the tax authorized under this section, less the
 273 applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller into special funds
 274 established by law. In the case of Planning District 8, the revenue generated and collected therein shall be
 275 deposited into the fund established in § 33.2-2509. In the case of Planning District 23, the revenue generated
 276 and collected therein shall be deposited into the fund established in § 33.2-2600. *In the case of the*
 277 *Rappahannock Transportation Authority, the revenue generated and collected therein shall be deposited into*
 278 *the fund established in § 33.2-3901. For additional Planning Districts planning districts that may become*
 279 *subject to this section, funds shall be established by appropriate legislation.*

280 **§ 58.1-802.6. Rappahannock Area transportation improvement fee.**

281 *In addition to any other tax or fee imposed under the provisions of this chapter, a fee, delineated as the*
 282 *"Rappahannock Area transportation improvement fee," is hereby imposed on each deed, instrument, or*
 283 *writing by which lands, tenements, or other realty located in a county or city embraced by the Rappahannock*
 284 *Transportation Authority established pursuant to Chapter 39 (§ 33.2-3900 et seq.) of Title 33.2 is sold and is*
 285 *granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or any other person, by*
 286 *such purchaser's direction. The rate of the fee, when the consideration or value of the interest, whichever is*
 287 *greater, equals or exceeds \$100, shall be \$0.06 for each \$100 or fraction thereof, exclusive of the value of*
 288 *any lien or encumbrance remaining thereon at the time of the sale, whether such lien is assumed or the realty*
 289 *is sold subject to such lien or encumbrance.*

290 *The fee imposed by this section shall be paid by the grantor, or any person who signs on behalf of the*
 291 *grantor, of any deed, instrument, or writing subject to the fee imposed by this section; however, the grantor*
 292 *and grantee may arrange for the grantee to pay all or a portion of the fee. No such deed, instrument, or other*
 293 *writing shall be admitted to record unless certification of the clerk wherein first recorded has been affixed*
 294 *thereto that the fee imposed pursuant to this section has been paid.*

295 *Fees imposed by this section shall be collected by the clerk of the court and deposited into the state*
 296 *treasury as soon as practicable. Such fees shall then be deposited into the Rappahannock Area*
 297 *Transportation Fund established in § 33.2-3901.*

298 **§ 58.1-811. (Contingent expiration date) Exemptions.**

299 A. The taxes imposed by §§ 58.1-801 and 58.1-807 shall not apply to any deed conveying real estate or
 300 lease of real estate:

- 301 1. To an incorporated college or other incorporated institution of learning not conducted for profit, where
 302 such real estate is intended to be used for educational purposes and not as a source of revenue or profit;
- 303 2. To an incorporated church or religious body or to the trustee or trustees of any church or religious body,
 304 or a corporation mentioned in § 57-16.1, where such real estate is intended to be used exclusively for
 305 religious purposes, or for the residence of the minister of any such church or religious body;
- 306 3. To the United States, the Commonwealth, or to any county, city, town, district, or other political

307 subdivision of the Commonwealth;

308 4. To the Virginia Division of the United Daughters of the Confederacy;

309 5. To any nonstock corporation organized exclusively for the purpose of owning or operating a hospital or

310 hospitals not for pecuniary profit;

311 6. To a corporation upon its organization by persons in control of the corporation in a transaction which

312 qualifies for nonrecognition of gain or loss pursuant to § 351 of the Internal Revenue Code as it exists at the

313 time of the conveyance;

314 7. From a corporation to its stockholders upon complete or partial liquidation of the corporation in a

315 transaction which qualifies for income tax treatment pursuant to § 331, 332, 333, or 337 of the Internal

316 Revenue Code as it exists at the time of liquidation;

317 8. To the surviving or new corporation, partnership, limited partnership, business trust, or limited liability

318 company upon a merger or consolidation to which two or more such entities are parties, or in a reorganization

319 within the meaning of § 368(a)(1)(C) and (F) of the Internal Revenue Code as amended;

320 9. To a subsidiary corporation from its parent corporation, or from a subsidiary corporation to a parent

321 corporation, if the transaction qualifies for nonrecognition of gain or loss under the Internal Revenue Code as

322 amended;

323 10. To a partnership or limited liability company, when the grantors are entitled to receive not less than 50

324 percent of the profits and surplus of such partnership or limited liability company, provided that the transfer

325 to a limited liability company is not a precursor to a transfer of control of the assets of the company to avoid

326 recordation taxes;

327 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than

328 50 percent of the profits and surplus of such partnership or limited liability company, provided that the

329 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the

330 company to avoid recordation taxes;

331 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of the

332 trust are the same persons, regardless of whether other beneficiaries may also be named in the trust

333 instrument, when no consideration has passed between the grantor and the beneficiaries;

334 13. When the grantor is an organization exempt from taxation under § 501(c)(3) of the Internal Revenue

335 Code that is organized and operated primarily to acquire land and purchase materials to erect or rehabilitate

336 low-cost homes on such land, which homes are sold at cost to persons who otherwise would be unable to

337 afford to buy a home through conventional means;

338 14. When it is a deed of partition, or any combination of deeds simultaneously executed and having the

339 effect of a deed of partition, among joint tenants, tenants in common, or coparceners; or

340 15. When it is a deed transferring property pursuant to a decree of divorce or of separate maintenance or

341 pursuant to a written instrument incident to such divorce or separation.

342 B. The taxes imposed by §§ 58.1-803 and 58.1-804 shall not apply to any deed of trust or mortgage:

343 1. Given by an incorporated college or other incorporated institution of learning not conducted for profit;

344 2. Given by the trustee or trustees of a church or religious body or given by an incorporated church or

345 religious body, or given by a corporation mentioned in § 57-16.1;

346 3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or operating a

347 hospital or hospitals not for pecuniary profit;

348 4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a debt

349 payable to any other local governmental entity or political subdivision;

350 5. Securing a loan made by an organization described in subdivision A 13;

351 6. Securing a loan made by a county, city, or town, or an agency of such a locality, to a borrower whose

352 household income does not exceed 80 percent of the area median household income established by the U.S.

353 Department of Housing and Urban Development, for the purpose of erecting or rehabilitating a home for such

354 borrower, including the purchase of land for such home; or

355 7. Given by any entity organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

356 C. The tax imposed by § 58.1-802 and the fee imposed by §§ 58.1-802.3, 58.1-802.4 and, 58.1-802.5, and

357 58.1-802.6 shall not apply to any:

358 1. Transaction described in subdivisions A 6 through 12, 14, and 15;

359 2. Instrument or writing given to secure a debt;

360 3. Deed conveying real estate from an incorporated college or other incorporated institution of learning

361 not conducted for profit;

362 4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town,

363 district, or other political subdivision thereof;

364 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other political

365 subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to

366 § 58.1-802 or subject to the fee under § 58.1-802.3 or, 58.1-802.5, or 58.1-802.6; or

367 6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an

368 incorporated church or religious body, or from a corporation mentioned in § 57-16.1.

369 D. No recordation tax shall be required for the recordation of any deed of gift between a grantor or
 370 grantors and a grantee or grantees when no consideration has passed between the parties. Such deed shall
 371 state therein that it is a deed of gift.

372 E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the Commonwealth, or
 373 any county, city, town, district, or other political subdivision of the Commonwealth.

374 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-802.3, 58.1-802.5, 58.1-802.6, 58.1-807,
 375 58.1-808, and 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any interest therein to
 376 The Nature Conservancy or (ii) any lease of real property or any interest therein to The Nature Conservancy,
 377 where such deed of gift or lease of real estate is intended to be used exclusively for the purpose of preserving
 378 wilderness, natural, or open space areas.

379 G. The words "trustee" or "trustees," as used in subdivisions A 2, B 2, and C 6, include the trustees
 380 mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.

381 H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual right, if
 382 the release is contained within a single deed that performs more than one function, and at least one of the
 383 other functions performed by the deed is subject to the recordation tax.

384 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement, release, or
 385 other document recorded in connection with a concession pursuant to the Public-Private Transportation Act
 386 of 1995 (§ 33.2-1800 et seq.) or similar federal law.

387 J. No recordation tax shall be required for the recordation of any transfer on death deed or any revocation
 388 of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act (§ 64.2-621 et
 389 seq.) when no consideration has passed between the parties.

390 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any deed of
 391 distribution when no consideration has passed between the parties. Such deed shall state therein on the front
 392 page that it is a deed of distribution. As used in this subsection, "deed of distribution" means a deed
 393 conveying property from an estate or trust (i) to the original beneficiaries of a trust from the trustees holding
 394 title under a deed in trust; (ii) the purpose of which is to comply with a devise or bequest in the decedent's
 395 will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a
 396 dispositive provision in the trust instrument; (iii) that carries out the exercise of a power of appointment; or
 397 (iv) is pursuant to the exercise of the power under the Uniform Trust Decanting Act (§ 64.2-779.1 et seq.).

§ 58.1-811. (Contingent effective date) Exemptions.

398 A. The taxes imposed by §§ 58.1-801 and 58.1-807 shall not apply to any deed conveying real estate or
 399 lease of real estate:

400 1. To an incorporated college or other incorporated institution of learning not conducted for profit, where
 401 such real estate is intended to be used for educational purposes and not as a source of revenue or profit;

402 2. To an incorporated church or religious body or to the trustee or trustees of any church or religious body,
 403 or a corporation mentioned in § 57-16.1, where such real estate is intended to be used exclusively for
 404 religious purposes, or for the residence of the minister of any such church or religious body;

405 3. To the United States, the Commonwealth, or to any county, city, town, district, or other political
 406 subdivision of the Commonwealth;

407 4. To the Virginia Division of the United Daughters of the Confederacy;

408 5. To any nonstock corporation organized exclusively for the purpose of owning or operating a hospital or
 409 hospitals not for pecuniary profit;

410 6. To a corporation upon its organization by persons in control of the corporation in a transaction which
 411 qualifies for nonrecognition of gain or loss pursuant to § 351 of the Internal Revenue Code as it exists at the
 412 time of the conveyance;

413 7. From a corporation to its stockholders upon complete or partial liquidation of the corporation in a
 414 transaction which qualifies for income tax treatment pursuant to § 331, 332, 333, or 337 of the Internal
 415 Revenue Code as it exists at the time of liquidation;

416 8. To the surviving or new corporation, partnership, limited partnership, business trust, or limited liability
 417 company upon a merger or consolidation to which two or more such entities are parties, or in a reorganization
 418 within the meaning of § 368(a)(1)(C) and (F) of the Internal Revenue Code as amended;

419 9. To a subsidiary corporation from its parent corporation, or from a subsidiary corporation to a parent
 420 corporation, if the transaction qualifies for nonrecognition of gain or loss under the Internal Revenue Code as
 421 amended;

422 10. To a partnership or limited liability company, when the grantors are entitled to receive not less than 50
 423 percent of the profits and surplus of such partnership or limited liability company, provided that the transfer
 424 to a limited liability company is not a precursor to a transfer of control of the assets of the company to avoid
 425 recordation taxes;

426 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than 50
 427 percent of the profits and surplus of such partnership or limited liability company, provided that the
 428 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the
 429 company to avoid recordation taxes;

431 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of the
432 trust are the same persons, regardless of whether other beneficiaries may also be named in the trust
433 instrument, when no consideration has passed between the grantor and the beneficiaries;

434 13. When the grantor is an organization exempt from taxation under § 501(c)(3) of the Internal Revenue
435 Code that is organized and operated primarily to acquire land and purchase materials to erect or rehabilitate
436 low-cost homes on such land, which homes are sold at cost to persons who otherwise would be unable to
437 afford to buy a home through conventional means;

438 14. Pursuant to any deed of partition, or any combination of deeds simultaneously executed and having
439 the effect of a deed of partition, among joint tenants, tenants in common, or coparceners; or

440 15. Pursuant to any deed transferring property pursuant to a decree of divorce or of separate maintenance
441 or pursuant to a written instrument incident to such divorce or separation.

442 B. The taxes imposed by §§ 58.1-803 and 58.1-804 shall not apply to any deed of trust or mortgage:

443 1. Given by an incorporated college or other incorporated institution of learning not conducted for profit;

444 2. Given by the trustee or trustees of a church or religious body or given by an incorporated church or
445 religious body, or given by a corporation mentioned in § 57-16.1;

446 3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or operating a
447 hospital or hospitals not for pecuniary profit;

448 4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a debt
449 payable to any other local governmental entity or political subdivision;

450 5. Securing a loan made by an organization described in subdivision A 13;

451 6. Securing a loan made by a county, city, or town, or an agency of such a locality, to a borrower whose
452 household income does not exceed 80 percent of the area median household income established by the U.S.
453 Department of Housing and Urban Development, for the purpose of erecting or rehabilitating a home for such
454 borrower, including the purchase of land for such home; or

455 7. Given by any entity organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

456 C. The tax imposed by § 58.1-802 and the fee imposed by § 58.1-802.6 shall not apply to any:

457 1. Transaction described in subdivisions A 6 through 12, 14, and 15;

458 2. Instrument or writing given to secure a debt;

459 3. Deed conveying real estate from an incorporated college or other incorporated institution of learning
460 not conducted for profit;

461 4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town,
462 district, or other political subdivision thereof;

463 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other political
464 subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to
465 § 58.1-802 or subject to the fee under § 58.1-802.6; or

466 6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an
467 incorporated church or religious body, or from a corporation mentioned in § 57-16.1.

468 D. No recordation tax shall be required for the recordation of any deed of gift between a grantor or
469 grantors and a grantee or grantees when no consideration has passed between the parties. Such deed shall
470 state therein that it is a deed of gift.

471 E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the Commonwealth, or
472 any county, city, town, district, or other political subdivision of the Commonwealth.

473 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-802.6, 58.1-807, 58.1-808, and 58.1-814
474 shall not apply to (i) any deed of gift conveying real estate or any interest therein to The Nature Conservancy
475 or (ii) any lease of real property or any interest therein to The Nature Conservancy, where such deed of gift or
476 lease of real estate is intended to be used exclusively for the purpose of preserving wilderness, natural, or
477 open space areas.

478 G. The words "trustee" or "trustees," as used in subdivisions A 2, B 2, and C 6, include the trustees
479 mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.

480 H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual right, if
481 the release is contained within a single deed that performs more than one function, and at least one of the
482 other functions performed by the deed is subject to the recordation tax.

483 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement, release, or
484 other document recorded in connection with a concession pursuant to the Public-Private Transportation Act
485 of 1995 (§ 33.2-1800 et seq.) or similar federal law.

486 J. No recordation tax shall be required for the recordation of any transfer on death deed or any revocation
487 of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act (§ 64.2-621 et
488 seq.) when no consideration has passed between the parties.

489 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any deed of
490 distribution when no consideration has passed between the parties. Such deed shall state therein on the front
491 page that it is a deed of distribution. As used in this subsection, "deed of distribution" means a deed
492 conveying property from an estate or trust (i) to the original beneficiaries of a trust from the trustees holding

493 title under a deed in trust; (ii) the purpose of which is to comply with a devise or bequest in the decedent's
 494 will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a
 495 dispositive provision in the trust instrument; (iii) that carries out the exercise of a power of appointment; or
 496 (iv) is pursuant to the exercise of the power under the Uniform Trust Decanting Act (§ 64.2-779.1 et seq.).

497 **§ 58.1-816. (Contingent expiration date, see Acts 2020, cc. 1241 and 1281) Distribution of
 498 recordation tax to cities and counties.**

499 A. Effective October 1, 1993, \$20 million of the taxes imposed under §§ 58.1-801 through 58.1-809 that
 500 are actually paid into the state treasury, shall be distributed among the counties and cities of the
 501 Commonwealth, except for counties and cities located in Planning District 8, in the manner provided in
 502 subsection B. Effective July 1, 1994, such annual distribution shall increase to \$40 million. Effective July 1,
 503 2020, such annual distribution shall be \$20 million. *Effective July 1, 2026, such annual distribution shall be*
 504 *\$55 million.*

505 B. Subject to any transfer required under § 58.1-816.1, (i) \$20 million of the state taxes distributable
 506 under this section shall be deposited annually into the ~~fund~~ Fund established pursuant to § 33.2-2600.1, ~~and~~
 507 (ii) *\$15 million of the state taxes distributable under this section shall be deposited annually into the Fund*
 508 *established pursuant to § 33.2-3901, and* (iii) the remaining amount of state taxes distributable under this
 509 section shall be apportioned and distributed quarterly to each county or city, except for those counties or
 510 cities located in a transportation district in Hampton Roads created pursuant to § 33.2-1903 *or in the*
 511 *Rappahannock Transportation Authority established pursuant to Chapter 39 (§ 33.2-3900 et seq.) of Title*
 512 *33.2*, by the Comptroller by multiplying the amount to be distributed by a fraction in which the numerator is
 513 the amount of the taxes imposed under §§ 58.1-801 through 58.1-809 and actually paid into the state treasury
 514 which are attributable to deeds and other instruments recorded in the county or city and the denominator is
 515 the amount of taxes imposed under §§ 58.1-801 through 58.1-809 actually paid into the state treasury. All
 516 distributions pursuant to clause (ii) (iii) shall be made on a quarterly basis within 30 days of the end of the
 517 quarter. Such quarterly distribution shall equal one quarter of the annual distribution amount set forth in
 518 subsection A available after the distribution required by ~~el~~ause clauses (i) and (ii). Each clerk of the court
 519 shall certify to the Comptroller, within 15 days after the end of the quarter, all amounts collected under
 520 §§ 58.1-801 through 58.1-809 and actually paid into the state treasury ~~which that~~ are attributable to deeds and
 521 other instruments recorded in such county or city.

522 C. All moneys distributed pursuant to clause (i) of subsection B shall be used in accordance with § 33.2-
 523 2600.1. *All moneys distributed pursuant to clause (ii) of subsection B shall be used in accordance with*
 524 *§ 33.2-3901.* All moneys distributed to counties and cities pursuant to clause (ii) (iii) of subsection B shall be
 525 used for (i) transportation purposes, including, without limitation, construction, administration, operation,
 526 improvement, maintenance, and financing of transportation facilities, or (ii) public education.

527 As used in this section, the term "transportation facilities" shall include all transportation-related facilities,
 528 including but not limited to all highway systems, public transportation or mass transit systems as defined in
 529 § 33.2-100, airports as defined in § 5.1-1, and port facilities as defined in § 62.1-140. Such term shall be
 530 liberally construed for purposes of this section.

531 D. If any revenues distributed to a county or city under clause (ii) (iii) of subsection B are applied or
 532 expended for any transportation facilities under the control and jurisdiction of any state agency, board,
 533 commission, or authority, such transportation facilities shall be constructed, operated, administered,
 534 improved, and maintained in accordance with laws, rules, regulations, policies, and procedures governing
 535 such state agency, board, commission, or authority; however, in the event that these revenues, or a portion
 536 thereof, are expended for improving or constructing highways in a county that is subject to the provisions of
 537 § 33.2-338, such expenditures shall be undertaken in the manner prescribed in that statute.

538 E. In the case of any distribution to a county or city in which an office sharing agreement pursuant to
 539 §§ 15.2-1637 and 15.2-3822 is in effect, the Comptroller shall divide the distribution among the office
 540 sharing counties and cities. Each clerk of the court acting pursuant to an office sharing agreement shall certify
 541 to the Comptroller, within 15 days after the end of the quarter, all amounts collected under §§ 58.1-801
 542 through 58.1-809 and actually paid into the state treasury ~~which that~~ are attributable to deeds and other
 543 instruments recorded on behalf of each county and city.

544 **§ 58.1-816. (Contingent effective date, see Acts 2020, cc. 1241 and 1281) Distribution of recordation
 545 tax to cities and counties.**

546 A. Effective October 1, 1993, \$20 million of the taxes imposed under §§ 58.1-801 through 58.1-809 that
 547 are actually paid into the state treasury, shall be distributed among the counties and cities of the
 548 Commonwealth, except for counties and cities located in Planning District 8, in the manner provided in
 549 subsection B. Effective July 1, 1994, such annual distribution shall increase to \$40 million. Effective July 1,
 550 2020, such annual distribution shall be \$20 million. *Effective July 1, 2026, such annual distribution shall be*
 551 *\$55 million.*

552 B. Subject to any transfer required under § 58.1-816.1, (i) *\$15 million of the state taxes distributable*
 553 *under this section shall be deposited annually into the Fund established pursuant to § 33.2-3901 and* (ii) the
 554 share of the state taxes distributable under this section among the counties and cities shall be apportioned and

555 distributed quarterly to each county or city by the Comptroller by multiplying the amount to be distributed by
556 a fraction in which the numerator is the amount of the taxes imposed under §§ 58.1-801 through 58.1-809 and
557 actually paid into the state treasury ~~which~~ that are attributable to deeds and other instruments recorded in the
558 county or city and the denominator is the amount of taxes imposed under §§ 58.1-801 through 58.1-809
559 actually paid into the state treasury. All distributions pursuant to this section shall be made on a quarterly
560 basis within 30 days of the end of the quarter. Such quarterly distribution shall equal \$10 million. Each clerk
561 of the court shall certify to the Comptroller, within 15 days after the end of the quarter, all amounts collected
562 under §§ 58.1-801 through 58.1-809 and actually paid into the state treasury ~~which~~ that are attributable to
563 deeds and other instruments recorded in such county or city.

564 *C. All moneys distributed pursuant to clause (i) of subsection B shall be used in accordance with*
565 *§ 33.2-3901.* All moneys distributed to counties and cities pursuant to ~~this section~~ clause (ii) of subsection B
566 shall be used for (i) transportation purposes, including, without limitation, construction, administration,
567 operation, improvement, maintenance and financing of transportation facilities, or (ii) public education.

568 As used in this section, the term "transportation facilities" shall include all transportation-related facilities
569 including, but not limited to, all highway systems, public transportation or mass transit systems as defined in
570 § 33.2-100, airports as defined in § 5.1-1, and port facilities as defined in § 62.1-140. Such term shall be
571 liberally construed for purposes of this section.

572 D. If any revenues distributed to a county or city under *clause (ii) of subsection C B* are applied or
573 expended for any transportation facilities under the control and jurisdiction of any state agency, board,
574 commission or authority, such transportation facilities shall be constructed, operated, administered, improved
575 and maintained in accordance with laws, rules, regulations, policies and procedures governing such state
576 agency, board, commission or authority; however, in the event these revenues, or a portion thereof, are
577 expended for improving or constructing highways in a county ~~which~~ that is subject to the provisions of
578 § 33.2-338, such expenditures shall be undertaken in the manner prescribed in that statute.

579 E. In the case of any distribution to a county or city in which an office sharing agreement pursuant to
580 §§ 15.2-1637 and 15.2-3822 is in effect, the Comptroller shall divide the distribution among the office
581 sharing counties and cities. Each clerk of the court acting pursuant to an office sharing agreement shall certify
582 to the Comptroller, within 15 days after the end of the quarter, all amounts collected under §§ 58.1-801
583 through 58.1-809 and actually paid into the state treasury ~~which~~ that are attributable to deeds and other
584 instruments recorded on behalf of each county and city.

585 **§ 58.1-1744. (For contingent expiration, see Acts 2020, cc. 1230 and 1275) Local transportation
586 transient occupancy tax.**

587 A. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional
588 transient occupancy tax at the rate of three percent of the amount of the charge for the occupancy of any room
589 or space occupied in any county or city that is (i) a member of the Northern Virginia Transportation
590 Authority and (ii) that is not described in § 58.1-1743 or subsection B.

591 *B. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional
592 transient occupancy tax at the rate of one percent of the amount of the charge for the occupancy of any room
593 or space occupied in any county or city that is a member of the Rappahannock Area Transportation
594 Authority.*

595 C. 1. The tax imposed under this section shall be imposed only for the occupancy of any room or space
596 that is suitable or intended for occupancy by transients for dwelling, lodging, or sleeping purposes.

597 The tax imposed under this section shall be administered by the locality in which the room or space is
598 located in the same manner as it administers the tax authorized by § 58.1-3819 or 58.1-3840, mutatis
599 mutandis, except as herein provided. The revenue generated and collected from the tax shall be deposited by
600 the local treasurer, *except that such revenues collected and generated pursuant to subsection B shall be
601 deposited into the Rappahannock Area Transportation Fund established in § 33.2-3901*

602 2. a. Two-thirds of the revenue collected pursuant to ~~this section~~ subsection A may be used only for public
603 transportation purposes and the remaining revenue may be used for any transportation purpose.

604 *b. One-half of the revenue collected pursuant to subsection B may be used only for public transportation
605 purposes and the remaining revenue may be used for any transportation purpose.*

606 2. That the provisions of this act that generate additional revenues for transportation shall expire on
607 December 31 of any year in which the General Assembly, a locality located in the Rappahannock Area
608 Transportation Authority, or the Rappahannock Area Transportation Authority, as created by this
609 act, appropriates or transfers any of such additional revenue for any non-transportation-related
610 purpose.

611 3. That the Rappahannock Area Transportation Authority, as created by this act, shall evaluate the
612 governance structure of transit service in Planning District 16, including the evaluation of establishing
613 a transportation district pursuant to Chapter 19 (§ 33.2-1900 et seq.) of Title 33.2 of the Code of
614 Virginia, and report the results of such evaluation to the Governor and the General Assembly no later
615 than December 1, 2026.