

26103533D

HOUSE BILL NO. 1406

Offered January 22, 2026

A BILL to amend and reenact § 20-107.3 of the Code of Virginia, relating to foreign divorce decrees; exercise of power by courts of the Commonwealth; non-domiciled party.

Patron—Thornton

Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:

1. That § 20-107.3 of the Code of Virginia is amended and reenacted as follows:

§ 20-107.3. Court may decree as to property and debts of the parties.

A. Upon decreeing the dissolution of a marriage, and also upon decreeing a divorce from the bond of matrimony, or upon the filing with the court as provided in subsection J of a certified copy of a final divorce decree obtained without outside the Commonwealth, the court, upon request of either party, (i) shall determine the legal title as between the parties, and the ownership and value of all property, real or personal, tangible or intangible, of the parties and shall consider which of such property is separate property, which is marital property, and which is part separate and part marital property in accordance with subdivision 3 and (ii) shall determine the nature of all debts of the parties, or either of them, and shall consider which of such debts is separate debt and which is marital debt. The court shall determine the value of any such property as of the date of the evidentiary hearing on the evaluation issue. The court shall determine the amount of any such debt as of the date of the last separation of the parties, if at such time or thereafter at least one of the parties intends that the separation be permanent, and the extent to which such debt has increased or decreased from the date of separation until the date of the evidentiary hearing. Upon motion of either party made no less than 21 days before the evidentiary hearing the court may, for good cause shown, in order to attain the ends of justice, order that a different valuation date be used. The court, on the motion of either party, may retain jurisdiction in the final decree of divorce to adjudicate the remedy provided by this section when the court determines that such action is clearly necessary, and all decrees heretofore entered retaining such jurisdiction are validated.

1. Separate property is (i) all property, real and personal, acquired by either party before the marriage; (ii) all property acquired during the marriage by bequest, devise, descent, survivorship or gift from a source other than the other party; (iii) all property acquired during the marriage in exchange for or from the proceeds of sale of separate property, provided that such property acquired during the marriage is maintained as separate property; and (iv) that part of any property classified as separate pursuant to subdivision 3. Income received from separate property during the marriage is separate property if not attributable to the personal effort of either party. The increase in value of separate property during the marriage is separate property, unless marital property or the personal efforts of either party have contributed to such increases and then only to the extent of the increases in value attributable to such contributions. The personal efforts of either party must be significant and result in substantial appreciation of the separate property if any increase in value attributable thereto is to be considered marital property.

2. Marital property is (i) all property titled in the names of both parties, whether as joint tenants, tenants by the entirety or otherwise, except as provided by subdivision 3, (ii) that part of any property classified as marital pursuant to subdivision 3, or (iii) all other property acquired by each party during the marriage which is not separate property as defined above. All property including that portion of pensions, profit-sharing or deferred compensation or retirement plans of whatever nature, acquired by either spouse during the marriage, and before the last separation of the parties, if at such time or thereafter at least one of the parties intends that the separation be permanent, is presumed to be marital property in the absence of satisfactory evidence that it is separate property. For purposes of this section marital property is presumed to be jointly owned unless there is a deed, title or other clear indicia that it is not jointly owned.

3. The court shall classify property as part marital property and part separate property as follows:

a. In the case of income received from separate property during the marriage, such income shall be marital property only to the extent it is attributable to the personal efforts of either party. In the case of the increase in value of separate property during the marriage, such increase in value shall be marital property only to the extent that marital property or the personal efforts of either party have contributed to such increases, provided that any such personal efforts must be significant and result in substantial appreciation of the separate property.

For purposes of this subdivision, the nonowning spouse shall bear the burden of proving that (i) contributions of marital property or personal effort were made and (ii) the separate property increased in value. Once this burden of proof is met, the owning spouse shall bear the burden of proving that the increase

59 in value or some portion thereof was not caused by contributions of marital property or personal effort.

60 "Personal effort" of a party shall be deemed to be labor, effort, inventiveness, physical or intellectual skill,  
61 creativity, or managerial, promotional or marketing activity applied directly to the separate property of either  
62 party.

63 b. In the case of any pension, profit-sharing, or deferred compensation plan or retirement benefit, the  
64 marital share as defined in subsection G shall be marital property.

65 c. In the case of any personal injury or workers' compensation recovery of either party, the marital share  
66 as defined in subsection H shall be marital property.

67 d. When marital property and separate property are commingled by contributing one category of property  
68 to another, resulting in the loss of identity of the contributed property, the classification of the contributed  
69 property shall be transmuted to the category of property receiving the contribution. However, to the extent the  
70 contributed property is retraceable by a preponderance of the evidence and was not a gift, such contributed  
71 property shall retain its original classification.

72 e. When marital property and separate property are commingled into newly acquired property resulting in  
73 the loss of identity of the contributing properties, the commingled property shall be deemed transmuted to  
74 marital property. However, to the extent the contributed property is retraceable by a preponderance of the  
75 evidence and was not a gift, the contributed property shall retain its original classification.

76 f. When separate property is retitled in the joint names of the parties, the retitled property shall be deemed  
77 transmuted to marital property. However, to the extent the property is retraceable by a preponderance of the  
78 evidence and was not a gift, the retitled property shall retain its original classification.

79 g. When the separate property of one party is commingled into the separate property of the other party, or  
80 the separate property of each party is commingled into newly acquired property, to the extent the contributed  
81 property is retraceable by a preponderance of the evidence and was not a gift, each party shall be reimbursed  
82 the value of the contributed property in any award made pursuant to this section.

83 h. Subdivisions 3 d, e and f shall apply to jointly owned property. No presumption of gift shall arise under  
84 this section where (i) separate property is commingled with jointly owned property; (ii) newly acquired  
85 property is conveyed into joint ownership; or (iii) existing property is conveyed or retitled into joint  
86 ownership. For purposes of this subdivision 3, property is jointly owned when it is titled in the name of both  
87 parties, whether as joint tenants, tenants by the entireties, or otherwise.

88 4. Separate debt is (i) all debt incurred by either party before the marriage, (ii) all debt incurred by either  
89 party after the date of the last separation of the parties, if at such time or thereafter at least one of the parties  
90 intends that the separation be permanent, and (iii) that part of any debt classified as separate pursuant to  
91 subdivision 5. However, to the extent that a party can show by a preponderance of the evidence that the debt  
92 was incurred for the benefit of the marriage or family, the court may designate the debt as marital.

93 5. Marital debt is (i) all debt incurred in the joint names of the parties before the date of the last separation  
94 of the parties, if at such time or thereafter at least one of the parties intends that the separation be permanent,  
95 whether incurred before or after the date of the marriage, and (ii) all debt incurred in either party's name after  
96 the date of the marriage and before the date of the last separation of the parties, if at such time or thereafter at  
97 least one of the parties intends that the separation be permanent. However, to the extent that a party can show  
98 by a preponderance of the evidence that the debt, or a portion thereof, was incurred, or the proceeds secured  
99 by incurring the debt were used, in whole or in part, for a nonmarital purpose, the court may designate the  
100 entire debt as separate or a portion of the debt as marital and a portion of the debt as separate.

101 B. For the purposes of this section only, both parties shall be deemed to have rights and interests in the  
102 marital property. However, such interests and rights shall not attach to the legal title of such property and are  
103 only to be used as a consideration in determining a monetary award, if any, as provided in this section.

104 C. Except as provided in subsection G, the court shall have no authority to order the division or transfer of  
105 separate property or marital property, or separate or marital debt, which is not jointly owned or owed.  
106 However, upon a finding that separate property of one party is in the possession or control of the other party,  
107 the court may order that the property be transferred to the party whose separate property it is. The court may,  
108 based upon the factors listed in subsection E, divide or transfer or order the division or transfer, or both, of  
109 jointly owned marital property, jointly owed marital debt, or any part thereof. The court shall also have the  
110 authority to apportion and order the payment of the debts of the parties, or either of them, that are incurred  
111 prior to the dissolution of the marriage, based upon the factors listed in subsection E.

112 As a means of dividing or transferring the jointly owned marital property, the court may transfer or order  
113 the transfer of real or personal property or any interest therein to one of the parties, permit either party to  
114 purchase the interest of the other and direct the allocation of the proceeds, provided the party purchasing the  
115 interest of the other agrees to assume any indebtedness secured by the property, or order its sale by private  
116 sale by the parties, through such agent as the court shall direct, or by public sale as the court shall direct  
117 without the necessity for partition. All decrees entered prior to July 1, 1991, which are final and not subject to  
118 further proceedings on appeal as of that date, which divide or transfer or order the division or transfer of  
119 property directly between the parties are hereby validated and deemed self-executing. All orders or decrees

120 which divide or transfer or order division or transfer of real property between the parties shall be recorded  
121 and indexed in the names of the parties in the appropriate grantor and grantee indexes in the land records in  
122 the clerk's office of the circuit court of the county or city in which the property is located.

123 D. In addition, based upon (i) the equities and the rights and interests of each party in the marital property,  
124 and (ii) the factors listed in subsection E, the court has the power to grant a monetary award, payable either in  
125 a lump sum or over a period of time in fixed amounts, to either party. The party against whom a monetary  
126 award is made may satisfy the award, in whole or in part, by conveyance of property, subject to the approval  
127 of the court. An award entered pursuant to this subsection shall constitute a judgment within the meaning of  
128 § 8.01-426 and shall not be docketed by the clerk unless the decree so directs. An award entered pursuant to  
129 this subsection may be enforceable in the same manner as any other money judgment. The provisions of  
130 § 8.01-382, relating to interest on judgments, shall apply unless the court orders otherwise.

131 Any marital property, which has been considered or ordered transferred in granting the monetary award  
132 under this section, shall not thereafter be the subject of a suit between the same parties to transfer title or  
133 possession of such property.

134 E. The amount of any division or transfer of jointly owned marital property, and the amount of any  
135 monetary award, the apportionment of marital debts, and the method of payment shall be determined by the  
136 court after consideration of the following factors:

- 137 1. The contributions, monetary and nonmonetary, of each party to the well-being of the family;
- 138 2. The contributions, monetary and nonmonetary, of each party in the acquisition and care and  
139 maintenance of such marital property of the parties;
- 140 3. The duration of the marriage;
- 141 4. The ages and physical and mental condition of the parties;
- 142 5. The circumstances and factors which contributed to the dissolution of the marriage, specifically  
143 including any ground for divorce under the provisions of subdivision A (1), (3) or (6) of § 20-91 or § 20-95;
- 144 6. How and when specific items of such marital property were acquired;
- 145 7. The debts and liabilities of each spouse, the basis for such debts and liabilities, and the property which  
146 may serve as security for such debts and liabilities;
- 147 8. The liquid or nonliquid character of all marital property;
- 148 9. The tax consequences to each party;
- 149 10. The use or expenditure of marital property by either of the parties for a nonmarital separate purpose or  
150 the dissipation of such funds, when such was done in anticipation of divorce or separation or after the last  
151 separation of the parties; and
- 152 11. Such other factors as the court deems necessary or appropriate to consider in order to arrive at a fair  
153 and equitable monetary award.

154 F. The court shall determine the amount of any such monetary award without regard to maintenance and  
155 support awarded for either party or support for the minor children of both parties and shall, after or at the time  
156 of such determination and upon motion of either party, consider whether an order for support and  
157 maintenance of a spouse or children shall be entered or, if previously entered, whether such order shall be  
158 modified or vacated.

159 G. In addition to the monetary award made pursuant to subsection D, and upon consideration of the  
160 factors set forth in subsection E:

161 1. The court may direct payment of a percentage of the marital share of any pension, profit-sharing or  
162 deferred compensation plan, or retirement benefits, whether vested or nonvested, that constitutes marital  
163 property and whether payable in a lump sum or over a period of time. The court may order direct payment of  
164 such percentage of the marital share by direct assignment to a party from the employer trustee, plan  
165 administrator, or other holder of the benefits. However, the court shall only direct that payment be made as  
166 such benefits are payable. No such payment shall exceed 50 percent of the marital share of the cash benefits  
167 actually received by the party against whom such award is made. "Marital share" means that portion of the  
168 total interest, the right to which was earned during the marriage and before the last separation of the parties, if  
169 at such time or thereafter at least one of the parties intended that the separation be permanent. Any  
170 determination of military retirement benefits shall be in accordance with the federal Uniformed Services  
171 Former Spouses' Protection Act (10 U.S.C. 1408 et seq.). If the court enters an order to distribute any  
172 Virginia Retirement System managed defined contribution plan, the Virginia Retirement System shall, if  
173 ordered by the court, calculate and include in such distribution gains and losses from the valuation date  
174 specified in the order through the date of distribution of the benefits, but only to the extent possible based on  
175 the information available to the Virginia Retirement System.

176 2. To the extent permitted by federal or other applicable law, the court may order a party to designate a  
177 spouse or former spouse as irrevocable beneficiary during the lifetime of the beneficiary of all or a portion of  
178 any survivor benefit or annuity plan of whatsoever nature, but not to include a life insurance policy except to  
179 the extent permitted by § 20-107.1:1. The court, in its discretion, shall determine as between the parties, who  
180 shall bear the costs of maintaining such plan.

181 H. In addition to the monetary award made pursuant to subsection D, and upon consideration of the

182 factors set forth in subsection E, the court may direct payment of a percentage of the marital share of any  
183 personal injury or workers' compensation recovery of either party, whether such recovery is payable in a  
184 lump sum or over a period of time. However, the court shall only direct that payment be made as such  
185 recovery is payable, whether by settlement, jury award, court award, or otherwise. "Marital share" means that  
186 part of the total personal injury or workers' compensation recovery attributable to lost wages or medical  
187 expenses to the extent not covered by health insurance accruing during the marriage and before the last  
188 separation of the parties, if at such time or thereafter at least one of the parties intended that the separation be  
189 permanent.

190 I. Nothing in this section shall be construed to prevent the affirmation, ratification and incorporation in a  
191 decree of an agreement between the parties pursuant to §§ 20-109 and 20-109.1. Agreements, otherwise valid  
192 as contracts, entered into between spouses prior to the marriage shall be recognized and enforceable.

193 J. A court of proper jurisdiction under § 20-96 may exercise the powers conferred by this section after a  
194 court of a foreign jurisdiction has decreed a dissolution of a marriage or a divorce from the bond of  
195 matrimony, if (i) one of the parties was domiciled in ~~this~~ *the* Commonwealth when the foreign proceedings  
196 were commenced; (ii) the foreign court did not have personal jurisdiction over the party domiciled in the  
197 Commonwealth; (iii) the proceeding is initiated within two years of receipt of notice of the foreign decree by  
198 the party domiciled in the Commonwealth; *or the other party, provided that the party domiciled in the*  
199 *Commonwealth is still domiciled in the Commonwealth as of the date of the commencement of an action*  
200 *pursuant to this section;* and (iv) the court obtains personal jurisdiction over the parties pursuant to  
201 subdivision A 9 of § 8.01-328.1, or in any other manner permitted by law.

202 K. The court shall have the continuing authority and jurisdiction to make any additional orders necessary  
203 to effectuate and enforce any order entered pursuant to this section, including the authority to:

204 1. Order a date certain for transfer or division of any jointly owned property under subsection C or  
205 payment of any monetary award under subsection D;

206 2. Punish as contempt of court any willful failure of a party to comply with the provisions of any order  
207 made by the court under this section;

208 3. Appoint a special commissioner to transfer any property under subsection C where a party refuses to  
209 comply with the order of the court to transfer such property; and

210 4. Modify any order entered in a case filed on or after July 1, 1982, intended to affect or divide any  
211 pension, profit-sharing or deferred compensation plan or retirement benefits pursuant to the United States  
212 Internal Revenue Code or other applicable federal laws, only for the purpose of establishing or maintaining  
213 the order as a qualified domestic relations order or to revise or conform its terms so as to effectuate the  
214 expressed intent of the order.

215 L. If it appears upon or after the entry of a final decree of divorce from the bond of matrimony that neither  
216 party resides in the city or county of the circuit court that entered the decree, the court may, on the motion of  
217 any party or on its own motion, transfer to the circuit court for the city or county where either party resides  
218 the authority to make additional orders pursuant to subsection K or to carry out or enforce any stipulation,  
219 contract, or agreement between the parties that has been affirmed, ratified, and incorporated by reference  
220 pursuant to § 20-109.1.