Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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Bill Number: SB725H1 **Patron:** Jones, M.
Bill Title: Land records; Certain financing statements; Circuit court clerks; Fees; Technology Trust Fund Fee.

Bill Summary: This proposal increases the Technology Trust Fund fee from $5 to $8. The bill also increases the amount of the fee to be allocated for one of the purposes as described in current law from $4 to $6. The bill authorizes the remaining $2 of the fee to be allocated to individual circuit court clerks' offices for one of the purposes as described in current law. The bill directs (i) the Virginia Court Clerks Association to collect data from each office of the clerk in each circuit court and (ii) the Compensation Board to aggregate such data and submit a report summarizing the information to the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations by December 1, 2026.

The substitute bill sets forth the fees that a clerk of the circuit court shall charge for recording and indexing a multipurpose deed of trust or mortgage, described in the bill as a deed of trust or mortgage, whether or not commercial, that serves multiple purposes and contains two or more components that may serve as independent legal instruments for independent legal purposes. The bill provides that no clerk of a circuit court shall assess separate recording and indexing fees for such multipurpose deed of trust or mortgage 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 or deed to correct a fraudulently recorded deed, including a deed of trust, between a grantor and grantee when no consideration has passed between the parties.

Budget Amendment Necessary: Yes **Items Impacted:** Item 65
Explanation: See below.

Fiscal Summary: This proposal is expected to generate additional revenue for the Compensation Board from the increase of its Technology Trust Fund fee.

The Department of Taxation does not anticipate an impact on state administrative costs from changes to recording and indexing a multipurpose deed of trust or mortgage. Any impact on local administrative cost is indeterminate.

Nongeneral Fund Revenue Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Compensation Board (Clerks)	$0	Approx. $3-$3.5 million	Approx. $3-$3.5 million	Approx. $3-$3.5 million	Approx. $3-$3.5 million	Approx. $3-$3.5 million
TOTAL	**$0**	**Approx. $3-$3.5 million**	**Approx. $3-$3.5 million**	**Approx. $3-$3.5 million**	**Approx. $3-$3.5 million**	**Approx. $3-$3.5 million**

Fiscal Analysis:

Compensation Board:

According to the Compensation Board, total fee collections have been between $5 million and $6 million over the previous three years. Under the proposal, increasing the fee from $5 to $8, assuming there is not a significant decrease in the number of transactions where this fee is accessed, annual collections into the fund would increase by approximately$3 to $3.5 million.

The Compensation Board indicated that they would be able to meet the information collection and data aggregation required by the second enactment clause using existing resources.

As it relates to recording and indexing a multipurpose deed of trust or mortgage, any changes to local administrative costs for Clerks is indeterminate.

Virginia Department of Taxation:

According to the Department of Taxation, 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.

According to the Department of Taxation, 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. Although the clerks collect both the taxes and fees, the Department is charged with the administration of recordation taxes but has no involvement with the various fees.

This bill would set forth the fees that a clerk of the circuit court shall charge for recording and indexing a multipurpose deed of trust or mortgage, described in the bill as a deed of trust or mortgage, whether or not commercial, that serves multiple purposes and contains two or more components that may serve as independent legal instruments for independent legal purposes. The bill provides that no clerk of a circuit court shall assess separate recording and indexing fees for such multipurpose deed of trust or mortgage unless the person presenting such document or instruments requests that such document or instruments be recorded and indexed in more than a single instance, in which case a higher fee will be charged. The bill also provides that no recordation tax shall be required of a quitclaim deed or deed to correct a fraudulently recorded deed, including a deed of trust, between a grantor and grantee when no consideration has passed between the parties.

According to the Department of Taxation, because a multipurpose deed of trust contains a deed of trust and would be recorded and indexed as such, there will be no impact on state and local recordation tax revenue whether the multipurpose deed of trust is requested to be recorded as a single document serving multiple purposes, for a higher fee, or offered as multiple copies, each recorded to serve a single purpose for the standard fees. The tax exemption for correction of a fraudulently recorded deed of trust would have no impact on state and local recordation tax revenue because they are already exempt as a deed of correction under § 58.1-810. The tax exemption for a quitclaim deed without consideration may reduce state and local recordation tax revenue to the extent that clerks would be prohibited from basing the tax on the actual value conveyed under § 58.1-801 or the value of the interest conveyed under § 58.1-802, however the amount would likely be minimal. Quitclaim deeds are often used for fractional interests of unknown provenance, which may explain why the grantor would be willing to convey it without consideration and without any obligation for warranties.

According to the Department of Taxation, this bill would have no impact on state administrative costs.

Other: None.