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SENATE BILL NO. 725
 AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the Joint Conference Committee
 on March 11, 2026)

(Patron Prior to Substitute—Senator Jones)

A *BILL to amend and reenact §§ 17.1-279 and 58.1-811, as it is currently effective and as it may become effective, of the Code of Virginia, relating to circuit court clerks; fees; Technology Trust Fund Fee; recordation tax of certain deeds; report.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 17.1-279 and 58.1-811, as it is currently effective and as it may become effective, of the Code of Virginia are amended and reenacted as follows:

§ 17.1-279. Additional fee to be assessed by circuit court clerks for information technology.

A. In addition to the fees otherwise authorized by this chapter, the clerk of each circuit court shall assess a \$5 fee of \$8, known as the "Technology Trust Fund Fee," in each civil action, upon each instrument to be recorded in the deed books, and upon each judgment to be docketed in the judgment lien docket book. Such fee shall be deposited by the State Treasurer into a trust fund. The State Treasurer shall maintain a record of such deposits.

B. ~~Four~~ Six dollars of every \$5 *eight-dollar* fee shall be allocated by the Compensation Board from the trust fund for the purposes of: (i) developing and updating *or funding studies to develop and update* individual land records automation plans for individual circuit court clerks' offices; (ii) implementing automation plans to modernize land records in individual circuit court clerks' offices and provide secure remote access to land records throughout the Commonwealth pursuant to § 17.1-294; (iii) obtaining and updating office automation and information technology equipment, including software and conversion services; (iv) preserving, maintaining, and enhancing court records, including, ~~but not limited to,~~ the costs of repairs, maintenance, land records, consulting services, service contracts, redaction of social security numbers from land records, and system replacements or upgrades; and (v) improving public access to court records. The Compensation Board in consultation with circuit court clerks and other users of court records shall develop and update policies governing the allocation of funds for these purposes. However, such funds shall not be used for personnel costs within the circuit court clerks' offices. The Compensation Board policies governing the allocation of funds shall require that a clerk submit to the Compensation Board a written certification that the clerk's proposed technology improvements of his land records will provide secure remote access to those land records on or before July 1, 2008.

The annual budget submitted by each circuit court clerk pursuant to § 15.2-1636.7 may include a request for technology improvements in the upcoming fiscal year to be allocated by the Compensation Board from the trust fund. Such request shall not exceed the deposits into the trust fund credited to that locality. The Compensation Board shall allocate the funds requested by the clerks in an amount not to exceed the deposits into the trust fund credited to their respective localities.

C. The remaining ~~\$4~~ \$2 of each such fee may be allocated by the Compensation Board from the trust fund ~~(i) for the purposes of funding studies to develop and update individual land records automation plans for to~~ individual circuit court clerks' offices; ~~at the request of and in consultation with the individual circuit court clerk's offices, and~~ (ii) for the purposes enumerated in subsection B ~~to implement the plan to modernize land records in individual circuit court clerks' offices and provide secure remote access to land records throughout the Commonwealth.~~ The allocations pursuant to this subsection may give priority to those individual clerks' offices whose deposits into the trust fund would not be sufficient to implement its modernization plan. The Compensation Board policies governing the allocation of funds shall require that a clerk submit to the Compensation Board a written certification that the clerk's proposed technology improvements of his land records will provide secure remote access to those land records on or before July 1, 2008.

D. 1. Secure remote access to land records shall be by paid subscription service through individual circuit court clerk's offices pursuant to § 17.1-276, or through designated application service providers. The clerk may require any entity that is a nonresident of the Commonwealth, prior to becoming a subscriber, to demonstrate that such entity is authorized to do business in Virginia and is in good standing with the State Corporation Commission or other applicable state or federal regulatory agency and that such entity will comply with the secure remote access standards developed by the Virginia Information Technologies Agency pursuant to § 17.1-294. In the case of an individual, the clerk may require a person who is a nonresident of the Commonwealth to demonstrate that such person has a legal presence in Virginia and will comply with the secure remote access standards developed by the Virginia Information Technologies Agency pursuant to § 17.1-294. Compliance with secure remote access standards developed by the Virginia Information Technologies Agency pursuant to § 17.1-294 shall be certified by the individual circuit court clerks' offices to the Compensation Board. The individual circuit court clerk's office or its designated application service

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60 provider shall certify compliance with such secure remote access standards. Nothing in this section shall
61 prohibit the clerk from entering into a subscriber agreement with an agency of the Commonwealth and
62 delegating the responsibility for compliance with such secure remote access standards to such agency.
63 Nothing in this section shall prohibit the Compensation Board from allocating trust fund money to individual
64 circuit court clerks' offices for the purpose of complying with such secure remote access standards or
65 redaction of social security numbers from land records.

66 2. Every circuit court clerk shall provide secure remote access to land records pursuant to § 17.1-294 on or
67 before July 1, 2008.

68 E. Such fee shall not be assessed to any instrument to be recorded in the deed books nor any judgment to
69 be docketed in the judgment lien docket books tendered by any federal, state, or local government.

70 F. If such an application includes automation or technology improvements that would require an interface
71 with the case management system or the financial management system operated and maintained by the
72 Executive Secretary of the Supreme Court for the purpose of providing electronic information to state
73 agencies in accordance with § 17.1-502, the circuit court clerk, or the court's designated application service
74 provider, shall certify to the Compensation Board that such automation or technology improvements will
75 comply with the security and data standards of the systems operated and maintained by the Executive
76 Secretary of the Supreme Court.

77 G. Information regarding the technology programs adopted by the circuit court clerks shall be shared with
78 the Virginia Information Technologies Agency, The Library of Virginia, and the Office of the Executive
79 Secretary of the Supreme Court.

80 H. Nothing in this section shall be construed to diminish the duty of local governing bodies to furnish
81 supplies and equipment to the clerks of the circuit courts pursuant to § 15.2-1656. Revenue raised as a result
82 of this section shall in no way supplant current funding to circuit court clerks' offices by local governing
83 bodies.

84 I. Effective July 1, 2006, except for transfers pursuant to this section, there shall be no transfers out of the
85 Technology Trust Fund, including transfers to the general fund.

86 **§ 58.1-811. (Contingent expiration date) Exemptions.**

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

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

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

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

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

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

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

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

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

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

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

115 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than
116 50 percent of the profits and surplus of such partnership or limited liability company, provided that the
117 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the
118 company to avoid recordation taxes;

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

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

126 14. When it is a deed of partition, or any combination of deeds simultaneously executed and having the
 127 effect of a deed of partition, among joint tenants, tenants in common, or coparceners; or

128 15. When it is a deed transferring property pursuant to a decree of divorce or of separate maintenance or
 129 pursuant to a written instrument incident to such divorce or separation.

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

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

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

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

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

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

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

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

144 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 shall
 145 not apply to any:

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

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

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

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

152 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other political
 153 subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to
 154 § 58.1-802 or subject to the fee under § 58.1-802.3 or 58.1-802.5; or

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

157 D. No recordation tax shall be required for the recordation of any deed of gift, *quitclaim deed*, or *deed to*
 158 *correct a fraudulently recorded deed*, including a *deed of trust*, between a grantor or grantors and a grantee or
 159 grantees when no consideration has passed between the parties. Such deed shall state therein that it is a deed
 160 of gift, *quitclaim deed without consideration*, or *deed to correct a fraudulently recorded deed*.

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

163 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-802.3, 58.1-802.5, 58.1-807, 58.1-808, and
 164 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any interest therein to The Nature
 165 Conservancy or (ii) any lease of real property or any interest therein to The Nature Conservancy, where such
 166 deed of gift or lease of real estate is intended to be used exclusively for the purpose of preserving wilderness,
 167 natural, or open space areas.

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

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

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

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

179 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any deed of
 180 distribution when no consideration has passed between the parties. Such deed shall state therein on the front
 181 page that it is a deed of distribution. As used in this subsection, "deed of distribution" means a deed
 182 conveying property from an estate or trust (i) to the original beneficiaries of a trust from the trustees holding
 183 title under a deed in trust; (ii) the purpose of which is to comply with a devise or bequest in the decedent's

184 will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a
185 dispositive provision in the trust instrument; (iii) that carries out the exercise of a power of appointment; or
186 (iv) is pursuant to the exercise of the power under the Uniform Trust Decanting Act (§ 64.2-779.1 et seq.).

187 **§ 58.1-811. (Contingent effective date) Exemptions.**

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

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

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

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

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

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

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

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

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

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

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

216 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than
217 50 percent of the profits and surplus of such partnership or limited liability company, provided that the
218 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the
219 company to avoid recordation taxes;

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

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

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

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

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

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

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

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

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

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

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

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

245 C. The tax imposed by § 58.1-802 shall not apply to any:

- 246 1. Transaction described in subdivisions A 6 through 12, 14, and 15;
- 247 2. Instrument or writing given to secure a debt;
- 248 3. Deed conveying real estate from an incorporated college or other incorporated institution of learning
- 249 not conducted for profit;
- 250 4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town,
- 251 district, or other political subdivision thereof;
- 252 5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other political
- 253 subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to
- 254 § 58.1-802; or
- 255 6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an
- 256 incorporated church or religious body, or from a corporation mentioned in § 57-16.1.
- 257 D. No recordation tax shall be required for the recordation of any deed of gift, *quitclaim deed, or deed to*
- 258 *correct a fraudulently recorded deed, including a deed of trust*, between a grantor or grantors and a grantee or
- 259 grantees when no consideration has passed between the parties. Such deed shall state therein that it is a deed
- 260 of gift, *quitclaim deed without consideration, or deed to correct a fraudulently recorded deed*.
- 261 E. The tax imposed by § 58.1-807 shall not apply to any lease to the United States, the Commonwealth, or
- 262 any county, city, town, district, or other political subdivision of the Commonwealth.
- 263 F. The taxes and fees imposed by §§ 58.1-801, 58.1-802, 58.1-807, 58.1-808, and 58.1-814 shall not apply
- 264 to (i) any deed of gift conveying real estate or any interest therein to The Nature Conservancy or (ii) any lease
- 265 of real property or any interest therein to The Nature Conservancy, where such deed of gift or lease of real
- 266 estate is intended to be used exclusively for the purpose of preserving wilderness, natural, or open space
- 267 areas.
- 268 G. The words "trustee" or "trustees," as used in subdivisions A 2, B 2, and C 6, include the trustees
- 269 mentioned in § 57-8 and the ecclesiastical officers mentioned in § 57-16.
- 270 H. No recordation tax levied pursuant to this chapter shall be levied on the release of a contractual right, if
- 271 the release is contained within a single deed that performs more than one function, and at least one of the
- 272 other functions performed by the deed is subject to the recordation tax.
- 273 I. No recordation tax levied pursuant to this chapter shall be levied on a deed, lease, easement, release, or
- 274 other document recorded in connection with a concession pursuant to the Public-Private Transportation Act
- 275 of 1995 (§ 33.2-1800 et seq.) or similar federal law.
- 276 J. No recordation tax shall be required for the recordation of any transfer on death deed or any revocation
- 277 of transfer on death deed made pursuant to the Uniform Real Property Transfer on Death Act (§ 64.2-621 et
- 278 seq.) when no consideration has passed between the parties.
- 279 K. No recordation tax levied pursuant to this chapter shall be required for the recordation of any deed of
- 280 distribution when no consideration has passed between the parties. Such deed shall state therein on the front
- 281 page that it is a deed of distribution. As used in this subsection, "deed of distribution" means a deed
- 282 conveying property from an estate or trust (i) to the original beneficiaries of a trust from the trustees holding
- 283 title under a deed in trust; (ii) the purpose of which is to comply with a devise or bequest in the decedent's
- 284 will or to transfer title to one or more beneficiaries after the death of the settlor in accordance with a
- 285 dispositive provision in the trust instrument; (iii) that carries out the exercise of a power of appointment; or
- 286 (iv) is pursuant to the exercise of the power under the Uniform Trust Decanting Act (§ 64.2-779.1 et seq.).
- 287 **2. That the clerk in each circuit court in the Commonwealth shall provide detailed information to the**
- 288 **Compensation Board and the Auditor of Public Accounts (APA), in a manner prescribed by the**
- 289 **Compensation Board, on the total amount of local Technology Trust Fund Fee revenue collected**
- 290 **pursuant to § 17.1-279 of the Code of Virginia, as amended by this act, and how such fee revenue is**
- 291 **expended, including data and records on any expenses related to information technology. The**
- 292 **Compensation Board, in concert with the APA, shall aggregate such information and submit a report**
- 293 **summarizing the information to the Chairs of the House Committee on Appropriations and the Senate**
- 294 **Committee on Finance and Appropriations by December 1, 2026.**