

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

5 [S 725]

6 Approved

7 **Be it enacted by the General Assembly of Virginia:**8 **1. That §§ 17.1-279 and 58.1-811, as it is currently effective and as it may become effective, of the Code**  
9 **of Virginia are amended and reenacted as follows:**10 **§ 17.1-279. Additional fee to be assessed by circuit court clerks for information technology.**11 A. In addition to the fees otherwise authorized by this chapter, the clerk of each circuit court shall assess a  
12 \$5 fee of \$8, known as the "Technology Trust Fund Fee," in each civil action, upon each instrument to be  
13 recorded in the deed books, and upon each judgment to be docketed in the judgment lien docket book. Such  
14 fee shall be deposited by the State Treasurer into a trust fund. The State Treasurer shall maintain a record of  
15 such deposits.16 B. ~~Four~~ Six dollars of every \$5 eight-dollar fee shall be allocated by the Compensation Board from the  
17 trust fund for the purposes of: (i) developing and updating *or funding studies to develop and update*  
18 individual land records automation plans for individual circuit court clerks' offices; (ii) implementing  
19 automation plans to modernize land records in individual circuit court clerks' offices and provide secure  
20 remote access to land records throughout the Commonwealth pursuant to § 17.1-294; (iii) obtaining and  
21 updating office automation and information technology equipment, including software and conversion  
22 services; (iv) preserving, maintaining, and enhancing court records, including; ~~but not limited to,~~ the costs of  
23 repairs, maintenance, land records, consulting services, service contracts, redaction of social security numbers  
24 from land records, and system replacements or upgrades; and (v) improving public access to court records.  
25 The Compensation Board in consultation with circuit court clerks and other users of court records shall  
26 develop and update policies governing the allocation of funds for these purposes. However, such funds shall  
27 not be used for personnel costs within the circuit court clerks' offices. The Compensation Board policies  
28 governing the allocation of funds shall require that a clerk submit to the Compensation Board a written  
29 certification that the clerk's proposed technology improvements of his land records will provide secure  
30 remote access to those land records on or before July 1, 2008.31 The annual budget submitted by each circuit court clerk pursuant to § 15.2-1636.7 may include a request  
32 for technology improvements in the upcoming fiscal year to be allocated by the Compensation Board from  
33 the trust fund. Such request shall not exceed the deposits into the trust fund credited to that locality. The  
34 Compensation Board shall allocate the funds requested by the clerks in an amount not to exceed the deposits  
35 into the trust fund credited to their respective localities.36 C. The remaining \$1 \$2 of each such fee may be allocated by the Compensation Board from the trust fund  
37 ~~(i) for the purposes of funding studies to develop and update individual land records automation plans for~~  
38 ~~individual circuit court clerks' offices; at the request of and in consultation with the individual circuit court~~  
39 ~~clerk's offices; and (ii) for the purposes enumerated in subsection B to implement the plan to modernize land~~  
40 ~~records in individual circuit court clerks' offices and provide secure remote access to land records throughout~~  
41 ~~the Commonwealth.~~ The allocations pursuant to this subsection may give priority to those individual clerks'  
42 offices whose deposits into the trust fund would not be sufficient to implement its modernization plan. The  
43 Compensation Board policies governing the allocation of funds shall require that a clerk submit to the  
44 Compensation Board a written certification that the clerk's proposed technology improvements of his land  
45 records will provide secure remote access to those land records on or before July 1, 2008.46 D. 1. Secure remote access to land records shall be by paid subscription service through individual circuit  
47 court clerk's offices pursuant to § 17.1-276, or through designated application service providers. The clerk  
48 may require any entity that is a nonresident of the Commonwealth, prior to becoming a subscriber, to  
49 demonstrate that such entity is authorized to do business in Virginia and is in good standing with the State  
50 Corporation Commission or other applicable state or federal regulatory agency and that such entity will  
51 comply with the secure remote access standards developed by the Virginia Information Technologies Agency  
52 pursuant to § 17.1-294. In the case of an individual, the clerk may require a person who is a nonresident of  
53 the Commonwealth to demonstrate that such person has a legal presence in Virginia and will comply with the  
54 secure remote access standards developed by the Virginia Information Technologies Agency pursuant to  
55 § 17.1-294. Compliance with secure remote access standards developed by the Virginia Information  
56 Technologies Agency pursuant to § 17.1-294 shall be certified by the individual circuit court clerks' offices to

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

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

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

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

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

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

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

84 **§ 58.1-811. (Contingent expiration date) Exemptions.**

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

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

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

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

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

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

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

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

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

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

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

113 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than  
114 50 percent of the profits and surplus of such partnership or limited liability company, provided that the  
115 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the  
116 company to avoid recordation taxes;

117 12. To trustees of a revocable inter vivos trust, when the grantors in the deed and the beneficiaries of the  
118 trust are the same persons, regardless of whether other beneficiaries may also be named in the trust

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

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

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

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

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

1. Given by an incorporated college or other incorporated institution of learning not conducted for profit;
2. Given by the trustee or trustees of a church or religious body or given by an incorporated church or religious body, or given by a corporation mentioned in § 57-16.1;
3. Given by any nonstock corporation organized exclusively for the purpose of owning and/or operating a hospital or hospitals not for pecuniary profit;
4. Given by any local governmental entity or political subdivision of the Commonwealth to secure a debt payable to any other local governmental entity or political subdivision;
5. Securing a loan made by an organization described in subdivision A 13;
6. Securing a loan made by a county, city, or town, or an agency of such a locality, to a borrower whose household income does not exceed 80 percent of the area median household income established by the U.S. Department of Housing and Urban Development, for the purpose of erecting or rehabilitating a home for such borrower, including the purchase of land for such home; or
7. Given by any entity organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) of Title 56.

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 not apply to any:

1. Transaction described in subdivisions A 6 through 12, 14, and 15;
2. Instrument or writing given to secure a debt;
3. Deed conveying real estate from an incorporated college or other incorporated institution of learning not conducted for profit;
4. Deed conveying real estate from the United States, the Commonwealth or any county, city, town, district, or other political subdivision thereof;
5. Conveyance of real estate to the Commonwealth or any county, city, town, district, or other political subdivision thereof, if such political unit is required by law to reimburse the parties taxable pursuant to § 58.1-802 or subject to the fee under § 58.1-802.3 or 58.1-802.5; or
6. Deed conveying real estate from the trustee or trustees of a church or religious body or from an incorporated church or religious body, or from a corporation mentioned in § 57-16.1.

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

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

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 58.1-814 shall not apply to (i) any deed of gift conveying real estate or any interest therein to The Nature Conservancy or (ii) any lease of real property or any interest therein to The Nature Conservancy, where such deed of gift or lease of real estate is intended to be used exclusively for the purpose of preserving wilderness, natural, or open space areas.

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

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

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

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

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

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

185 **§ 58.1-811. (Contingent effective date) Exemptions.**

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

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

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

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

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

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

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

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

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

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

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

214 11. From a partnership or limited liability company, when the grantees are entitled to receive not less than  
 215 50 percent of the profits and surplus of such partnership or limited liability company, provided that the  
 216 transfer from a limited liability company is not subsequent to a transfer of control of the assets of the  
 217 company to avoid recordation taxes;

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

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

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

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

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

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

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

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

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

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

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

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

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