

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

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.

Any changes to local administrative costs for Clerks are indeterminate.

Auditor of Public Accounts (APA):

The clerk in each circuit court in the Commonwealth shall provide detailed information on the total amount of local Technology Trust Fund Fee revenue collected and how such fee revenue is expended to the Auditor of Public Accounts. The bill also requires the APA to work with the Compensation Board to aggregate and to report such information. The APA indicates they can absorb any impact from this bill.

Virginia Department of Taxation (TAX):

According to the Department of Taxation (TAX), 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 TAX, 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, TAX is charged with the administration of recordation taxes but has no involvement with the various fees. 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.

Regarding revenue impact, TAX indicates that 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. Additionally, TAX believes that the tax exemption for a

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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 uncertain provenance, which may explain why the grantor would be willing to convey it without consideration and without any obligation for warranties.

According to TAX, this bill would have no impact on state administrative costs.

Other: None.