

Sunday, February 6, 2011



Call Senators NOW: Bad Recordation Tax bill (SB 780) on final reading Monday

Action

Action needed NOW. Call your [Senator](#) to oppose [SB 780 \(Reynolds\)](#) which will be on final (third) reading Monday, Feb. 7.

Key Information

If a mortgage is currently refinanced with the same lender, the Recordation Tax is paid only on the portion of the loan which is in addition to the amount of the original debt. [SB 780](#) would extend this reduced tax to all refinancing regardless of lender.

Talking Points

- The bill has a local and state fiscal impact.
- According to the Fiscal Impact Statement “to the extent there are significant numbers of re-financings with lenders other than the original lender, the negative revenue impact could be significant,” affecting the state general fund, the Transportation Trust Fund, and local revenue.
- Impact of state services: **Based on the VA TAX FY 2009 Annual Report, state funding loss could total \$120 million**
 - ❖ The impact on state services is significant: The state revenue loss is three times the local revenue loss.
 - ❖ Three (3) cents per \$100/value of the state’s tax is deposited for transportation purposes (§ 58.1-815.4), there would also be a reductions directly affecting the Commonwealth Mass Transit Fund and the Highway Maintenance and Operating Fund.
 - ❖ In addition, the U.S. Route 58 Corridor Development Fund (§ 58.1-815) and the Northern Virginia Transportation District Fund (§ 58.1-815.1) would be affected because a portion of the state’s tax is dedicated to these funds.
 - ❖ The remaining portion of the state tax pays for public education, public safety, and higher education.

One Example

- The Recordation Tax generates approximately \$20.6 million for Fairfax County's General Fund.
- Fairfax County estimates SB 780 would reduce County revenue by a minimum of \$8.0 million.
- From Fairfax County alone, the Commonwealth of Virginia could lose a minimum of \$24 million.
- Based on the VA TAX FY 2009 Annual Report, Fairfax County makes up 20 percent of the total Recordation/Deed of Conveyance Tax, statewide. This would indicate that the state's loss could total \$120 million.

Key Contacts

[State Senators](#)

VACo and VML Contacts: [Dean Lynch](#) and [Neal Menkes](#)