

**FISCAL IMPACT OF RATE CHANGE IN THE
MOTOR VEHICLE SALES AND USE TAX**

The motor vehicle sales and use tax is levied at a rate of 3% of the sales price of each motor vehicle sold or used in Virginia. Approximately \$495.6 million in revenue was raised from the tax for the fiscal year ending June 30, 2001. By law, two-thirds of the revenues from the tax are distributed to the Highway Maintenance Operating Fund and one-third of the revenues are distributed to the Transportation Trust Fund.

The following table shows the additional annual revenue that would be raised from rate increases in one-half percent increments:

<u>Rate Increase</u>	<u>New Rate</u>	<u>Additional Revenue</u>	<u>Total Annual Revenue</u>
0.5%	3.5%	\$82.6 million	\$578.2 million
1.0%	4.0%	\$165.2 million	\$660.8 million
1.5%	4.5%	\$247.8 million	\$743.4 million