

Task Force #2 HJR 60 (2002)

Sales and Use Tax Issue

5. Increase taxes and fees on motor fuels, vehicles, watercraft, and aircraft as well as other special taxes and dedicate the revenues to meet transportation needs.

The foregoing items of tangible personal property are exempt under Virginia's general retail sales and use tax statute. Instead, purchases of these items of tangible personal property are taxed under different statutes at different rates.

For example, the purchase of motor vehicles is taxed pursuant to the Motor Vehicle Sales and Use Tax Act (Va. Code § 58.1-2400 et seq.). The tax rate is 3%. This tax, sometimes referred to as the "Titling Tax," is administered by the Department of Motor Vehicles. Similarly, the sales and use tax rate on aircraft and watercraft is 2% (not to exceed a total tax of \$2000 on watercraft).

Attached is a document depicting the additional revenue associated with increases in the motor vehicle sales and use tax rate.