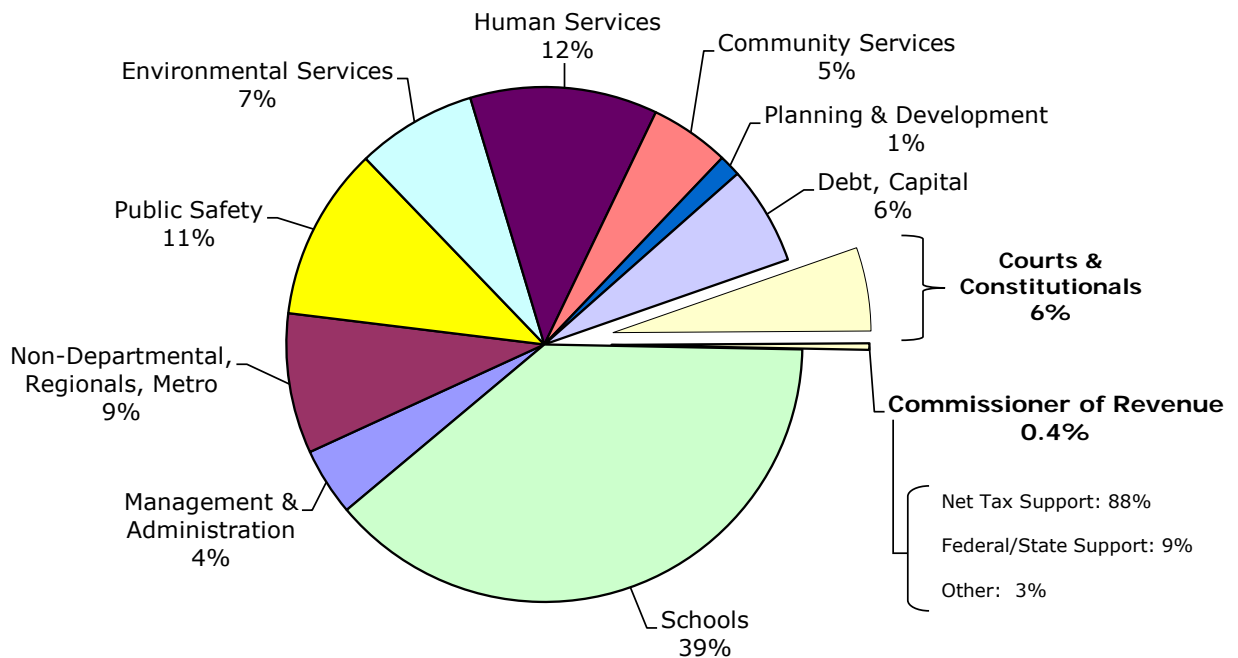


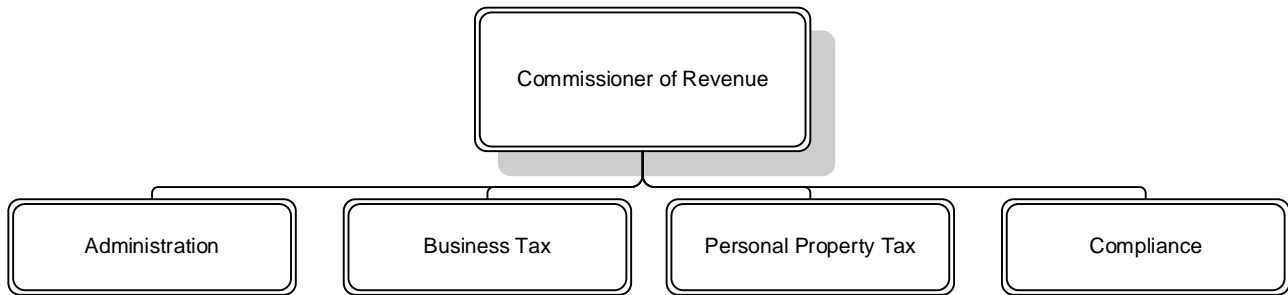
*Our Mission: To provide Arlington County residents and businesses with high quality service in meeting their tax obligations.*

The Office of the Commissioner of Revenue provides Arlington County residents and businesses with high-quality service in meeting their tax obligations by applying Virginia State and Arlington County tax laws with uniformity, fairness, and integrity. The Office is committed to providing customer advocacy to protect the rights of individual and business taxpayers and resolving those issues not satisfactorily addressed through normal channels.

### FY 2025 Proposed Budget - General Fund Expenditures



**LINES OF BUSINESS**



**Administration**

- Administration
- Legal Counsel
- Customer Advocacy

**Business Tax**

- Business License & Business Tangible Registration & Assessment
- Custodial Taxes
- Bank Franchise Tax
- Audit Program

**Personal Property**

- Personal Property Registration & Assessment
- DMV Select

**Compliance**

- Personal Property Enforcement
- State Income Tax Assistance

**SIGNIFICANT BUDGET CHANGES**

The FY 2025 proposed expenditure budget for the Commissioner of Revenue is \$6,614,865, a two percent increase compared to the FY 2024 adopted budget. The FY 2025 proposed budget reflects:

- ↑ Personnel increases due to employee salary increases, an increase in the County’s cost for employee health insurance, and slightly higher retirement contributions based on actuarial projections.
- ↑ Grant revenue increases due to an increase in State Compensation Board reimbursements due to the State’s salary increase for state employees (\$6,800).

**DEPARTMENT FINANCIAL SUMMARY**

	FY 2023 Actuals	FY 2024 Adopted	FY 2025 Proposed	% Change '24 to '25
Personnel	\$5,827,813	\$6,293,928	\$6,434,768	2%
Non-Personnel	227,314	180,516	180,097	-
<b>Total Expenditures</b>	<b>6,055,127</b>	<b>6,474,444</b>	<b>6,614,865</b>	<b>2%</b>
Fees	169,588	225,000	225,000	-
Grants	525,265	565,500	572,300	1%
<b>Total Revenues</b>	<b>694,853</b>	<b>790,500</b>	<b>797,300</b>	<b>1%</b>
<b>Net Tax Support</b>	<b>\$5,360,274</b>	<b>\$5,683,944</b>	<b>\$5,817,565</b>	<b>2%</b>
Permanent FTEs (Funded)	52.00	52.00	52.00	
Permanent FTEs (Frozen, Unfunded)	1.00	1.00	1.00	
Temporary FTEs	-	-	-	
<b>Total Authorized FTEs</b>	<b>53.00</b>	<b>53.00</b>	<b>53.00</b>	

**Expenses & Revenues by Line of Business**

	FY 2023 Actual Expense	FY 2024 Adopted Expense	FY 2025 Proposed Expense	% Change '24 to '25	FY 2025 Proposed Revenue	FY 2025 Net Tax Support
Administration	\$1,564,260	\$1,529,272	\$1,573,532	3%	\$797,300	\$776,232
Business Tax	2,011,254	2,594,451	2,694,161	4%	-	2,694,161
Personal Property Tax	2,012,749	1,743,315	1,764,270	1%	-	1,764,270
Compliance	466,864	607,406	582,902	-4%	-	582,902
<b>Total</b>	<b>\$6,055,127</b>	<b>\$6,474,444</b>	<b>\$6,614,865</b>	<b>2%</b>	<b>\$797,300</b>	<b>\$5,817,565</b>

**Authorized FTEs by Line of Business**

	FY 2024 FTEs Adopted	FY 2025 Permanent FTEs Proposed	FY 2025 Temporary FTEs Proposed	FY 2025 Total FTEs Proposed
Administration	10.00	10.00	-	10.00
Business Tax	21.00	21.00	-	21.00
Personal Property Tax	16.00	16.00	-	16.00
Compliance	6.00	6.00	-	6.00
<b>Total FTEs</b>	<b>53.00</b>	<b>53.00</b>	<b>-</b>	<b>53.00</b>

**PROGRAM MISSION**

To direct and support all programs administered by the Office of the Commissioner of Revenue by preparing and managing the budget, administering human resources, providing legal counsel to the staff and customers, and providing administrative support required to meet the Commissioner’s mission. There are three distinctive functions in the division: administration, legal counsel, and customer advocacy.

**Administration**

- Prepares, monitors, and analyzes budget development and execution.
- Oversees the recruitment and hiring process.
- Provides information systems and technology support.

**Legal Counsel**

- Advises the Commissioner and her staff regarding legal issues.
- Assists the Commissioner’s office in developing clear and consistent policies and standards for assessing property.
- Communicates and negotiates with taxpayers and their legal counsel.
- Responds on behalf of the Commissioner in taxpayer appeals to the State Tax Commissioner.
- Resolves issues regarding exemptions from taxation.

**Customer Advocacy**

- Ensures that the rights of individuals and business customers are protected and that issues that have not been satisfactorily addressed through regular channels are resolved.
- Provides an independent review of customers’ tax situations and recommends administrative solutions and changes.

**PERFORMANCE MEASURES**

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Percent of customer requests fulfilled by established timeframes	100%	100%	100%	100%	100%	100%
Percent of financial transactions satisfactorily processed within established timeframes	100%	100%	100%	100%	100%	100%
Percent of personnel transactions processed satisfactorily within guidelines	100%	100%	100%	100%	100%	100%

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of customers served by Advocate	770	779	484	684	700	750

**ADMINISTRATION**

- Customer advocacy outreach efforts increased in FY 2023 with the Compliance Division resuming its practice of mailing of letters to apartments and condos informing management about vehicle registration requirements for their residents. Email and phone communications as well as customer informational seminars have increased. This trend will likely continue in FY 2024 and FY 2025 as more outreach activities resume.

**BUSINESS TAX**

**PROGRAM MISSION**

To ensure uncompromising standards of fairness for all businesses that conduct business in Arlington by ensuring that they are properly assessed.

**Business Tax**

- Coordinates the assessment of the business, professional, and occupational license (BPOL) tax in Arlington County.
- Assesses custodial taxes, including meals tax and transient occupancy tax.
- Assesses business tangible personal property tax on all furniture, fixtures, machinery, and tools used in Arlington County.
- Manages and administers an aggressive field canvassing program to discover and assess businesses that are operating in Arlington County without filing required tax returns.
- Provides exceptional customer service through improvements in training, technology, paperless initiatives, and continuous personal interaction with the business community.
- Coordinates a sales tax audit program to more closely monitor sales tax payments received from the State compared with local retailers’ business license filings.
- Conducts an in-depth annual audit program which reviews customer documents to verify the accuracy of tax filings and obligations of 200-240 businesses and makes adjustments as needed.

**PERFORMANCE MEASURES**

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Percent business license statutory assessments to total business license returns	6%	7%	7%	12%	11%	11%
Percent business tangible statutory assessments to total business tangible returns	15%	14%	19%	22%	21%	20%

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of business license tax returns processed	19,235	19,500	19,617	18,847	19,000	19,500
Number of business tangible tax returns processed	11,575	11,669	11,398	11,184	11,000	11,500
Number of custodial tax assessments	14,322	13,526	12,788	12,426	12,500	12,500

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of days to respond to customer inquiries	1	1	1	1	1	1
Number of establishments assessed for meals tax	955	919	945	951	960	960

**BUSINESS TAX**

- In FY 2023, the percentage of business license and business tangible statutory assessments to total returns actuals were higher due to increased compliance efforts and customers not timely filing online through the Customer Assessment Payment Portal (CAPP), which resulted in more statutory assessments. An increase in canvassing, customer outreach, and online filing education efforts is anticipated to increase the number of timely online filers, thereby reducing the number of statutory assessments needed in FY 2024 and FY 2025.
- The number of business license returns processed in FY 2023 was slightly lower due to the paperless initiative requiring customers to file business license and tangible property tax returns through the Customer Assessment Payment Portal (CAPP). A small increase is expected in both FY 2024 and FY 2025 based on the expectation of new businesses from new property developments around the County, particularly in National Landing.
- The number of custodial tax assessments in FY 2023 was similar to the prior fiscal year because the paperless initiative for those returns was implemented prior to the pandemic, so filers are more familiar with the process. The number is expected to stay relatively flat for FY 2024 and FY 2025 because although new developments are expected to increase the amount of meals tax filers, accessory homestay transient occupancy accounts are being consolidated under accommodations intermediaries due to a change in State law, so there will be a decrease in the overall number of transient occupancy tax filers.

**PERSONAL PROPERTY**

**PROGRAM MISSION**

To ensure fair and uniform assessments of all vehicle personal property.

This division has two major functions: registering and assessing personal property and operating a satellite office of the Department of Motor Vehicles (DMV Select).

**Personal Property Registration and Assessment**

- Coordinates the registration and assessment of personal property such as motor vehicles, trailers, and boats, vehicle status modifications, tax liability adjustments, and tax code interpretation and application.
- Conducts monthly analyses of new vehicle registrations to ensure that all vehicles are assessed and billed in accordance with state and local code.

**DMV Select**

- Provides a limited number of DMV services such as processing applications for obtaining titles and registering motor vehicles, issuing motor vehicle license plates and decals, and issuing disabled placards and driver transcripts.

**PERFORMANCE MEASURES**

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Call abandon rate	2%	2%	2%	3%	3%	2%
Number of discrete pieces of personal property assessed (vehicles, boats, etc.)	188,612	187,576	179,826	193,082	195,000	195,000
Percent of assessments in compliance with the Code of Virginia	100%	100%	100%	100%	100%	100%
Percent of email inquiries resolved within a three-day timeframe	95%	95%	95%	95%	95%	95%
Percent of Personal Property Tax Reliefs (PPTR) that meets the PPTR Act compliance guidelines	100%	100%	100%	100%	100%	100%
Percent of total accounts adjusted	10%	10%	10%	10%	10%	10%
Total value of assessments (in billions)	\$1.68	\$1.65	\$1.75	\$2.18	\$2.10	\$2.10

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Number of emails received	4,005	5,992	6,853	6,364	5,500	5,300
Number of tax adjustments	17,998	17,470	18,371	19,869	19,000	19,000
Total calls received	28,607	30,827	27,362	25,652	25,350	25,350

- The call abandon rate was elevated in FY 2023 due to issues with the telephone system. New software and a new provider will implemented during the FY 2024 / FY 2025 fiscal years.



**PERSONAL PROPERTY**

- The number of discrete pieces of personal property assessed and total value of assessments are expected to remain higher in FY 2024 and FY 2025 due to continued demand in the new and used vehicle markets.
- The number of emails received in FY 2023 decreased slightly from the previous fiscal year and is expected to continue decreasing as use of the Customer Assessment and Payment Portal (CAPP), which provides information and account access to customers, continues to grow, alleviating the need for customers to contact the office through email.
- The number of tax adjustments increased in FY 2023 with the Treasurer's efforts to review long outstanding tax accounts for review or adjustment and closure. This number is expected to level out in FY 2024 and FY 2025.
- The number of calls received through the call center continues to decline as CAPP usage grows, alleviating the need for customers to contact the office by phone.

**PROGRAM MISSION**

To achieve uncompromising standards of fairness for all customers in Arlington County by ensuring that all eligible property subject to taxation in Arlington is properly assessed. The division is responsible for the personal property enforcement program and state income tax assistance.

**Personal Property Enforcement**

- Discovers vehicles regularly garaged in Arlington County that are not registered with the Commissioner of Revenue.

**State Income Tax Assistance**

- Provides customer service to Arlington residents on individual Virginia state income tax matters.

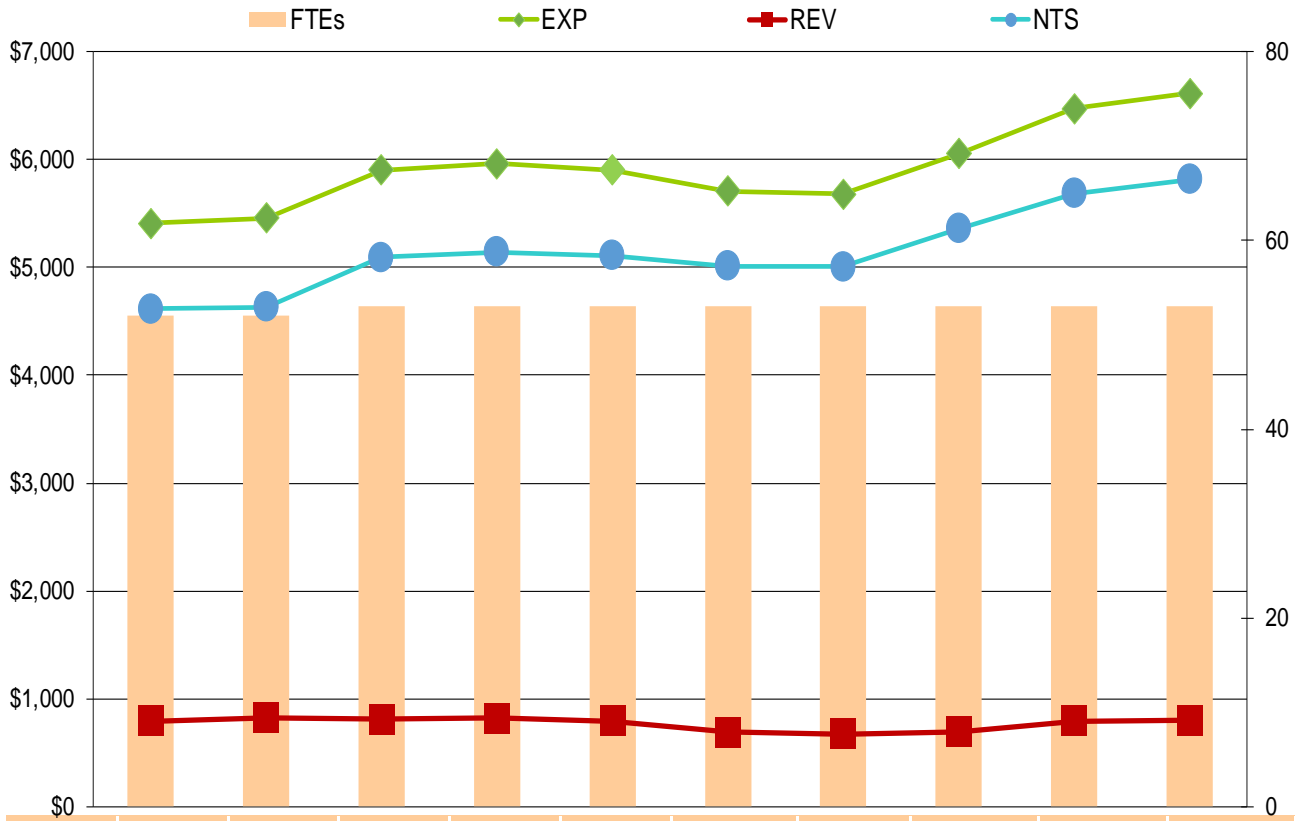
**PERFORMANCE MEASURES**

Critical Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Value of Personal Property assessments by Enforcement Program (in millions)	\$1.35	\$0.70	\$0.87	\$1.33	\$1.40	\$1.45

Supporting Measures	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Enforcement Program letters sent	19,650	11,767	8,287	12,410	13,000	14,000
Summonses issued	618	0	0	140	250	300

- The value of personal property assessments by the Enforcement Program surpassed the projection for FY 2023 because of an increase in field visits and elevated vehicle values. Although vehicle values are expected to stabilize in FY 2024 and FY 2025, the total value of assessments from the program is anticipated to steadily grow with further increases to the number of field visits and other enforcement efforts.
- The number of Enforcement Program letters sent increased with the rise in field visits. The added field visit days and resulting data collected are expected to contribute to a moderate increase in the number of letters for both FY 2024 and FY 2025.
- Summonses were not issued during the pandemic but were issued again beginning in January 2023. In FY 2023, the overall number of summonses issued decreased from what was previously projected due to the promotion of staff who would normally issue summons in their previous positions and resulting need for more training on the process. The number of summonses issued is expected to increase in both FY 2024 and FY 2025 due to the higher rate of customer responses to the Initial Request for Information and Second Notice letters.

EXPENDITURE, REVENUE, NET TAX SUPPORT, AND FULL-TIME EQUIVALENT TRENDS



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
\$ in 000s	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Proposed Budget
EXP	\$5,410	\$5,458	\$5,902	\$5,964	\$5,903	\$5,706	\$5,680	\$6,055	\$6,474	\$6,615
REV	\$794	\$826	\$808	\$819	\$794	\$692	\$672	\$695	\$791	\$797
NTS	4,616	4,632	5,094	5,145	5,109	5,014	5,008	5,360	5,683	5,818
FTEs	52.00	52.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00

Fiscal Year	Description	FTEs
FY 2016	<ul style="list-style-type: none"> <li>▪ Fee revenue increased due to an increase in the license plate penalty fee revenue based on recent actual receipts (\$50,000) and the transfer of and an increase in DMV select revenue from the Treasurer's Office (\$25,000). The DMV Select is now solely operated by the Commissioner's Office.</li> <li>▪ Grant revenue increased due to an increase in State Compensation Board reimbursements (\$22,350).</li> </ul>	
FY 2017	<ul style="list-style-type: none"> <li>▪ Fee revenue increased due to increased revenue from the Department of Motor Vehicles for satellite office services provided by the Commissioner of Revenue (\$15,000).</li> <li>▪ Grant revenue increased due to an increase in State Compensation Board reimbursements (\$3,423).</li> </ul>	
FY 2018	<ul style="list-style-type: none"> <li>▪ Added a limited term Business Tax auditor position that is offset by an increase in tax audit revenue (\$95,091).</li> <li>▪ Increased fee revenue from the Department of Motor Vehicles for satellite office services provided by the Commissioner of Revenue (\$10,000).</li> <li>▪ Increased grant revenue due to an adjustment to the State Compensation Board reimbursements (\$2,677).</li> </ul>	1.00
FY 2019	<ul style="list-style-type: none"> <li>▪ Increased fee revenue due to an increase in license plate penalty fee revenue (\$20,000).</li> </ul>	
FY 2020	<ul style="list-style-type: none"> <li>▪ Reduced wireless service charges as part of a County-wide review of wireless service providers (\$1,729).</li> <li>▪ Reduced postage and print-shop charges by using electronic mail for vehicle assessment letters, meals tax and transient occupancy tax filings, and business license and business tangible communication and tax filing as well issuance of business tax license certificates (\$125,000).</li> <li>▪ Reduced annual expense for maintenance and replacement of County vehicles (\$82).</li> <li>▪ Increased grant revenue for State Compensation Board reimbursements as a result of the State's two percent increase for state employees (\$10,618).</li> <li>▪ <i>In FY 2019 Closeout, the County Board converted a limited term FTE to permanent full-time to support meals tax audits in the Business Tax Division.</i></li> </ul>	
FY 2021	<ul style="list-style-type: none"> <li>▪ Grant revenue increased due to an increase in State Compensation Board reimbursements (\$14,575).</li> </ul>	
FY 2022	<ul style="list-style-type: none"> <li>▪ The County Board added funding for a one percent merit pay adjustment, a five percent increase in the range, and an increase to the one-time bonus for staff from \$500 to approximately \$900.</li> <li>▪ Held the Customer Advocate Management Specialist position vacant for the year (\$125,022, 1.0 FTE).</li> </ul>	

Fiscal Year	Description	FTEs
	<ul style="list-style-type: none"> <li>▪ Fee revenue decreased based on prior year actuals (\$20,000) and grant revenue decreased due to a decrease in State Compensation Board reimbursements (\$10,527).</li> <li>▪ <i>In FY 2021 closeout, funding was added for a one percent merit pay adjustment (\$22,424) and a one-time bonus for staff of \$450 (\$26,201).</i></li> </ul>	
FY 2023	<ul style="list-style-type: none"> <li>▪ The County Board added funding for an additional one percent merit pay adjustment for a total increase of 5.25 percent, increased the pay-for-performance budget by an additional 0.5 percent, increased the pay range movement to five percent, and approved a one-time increase in language premium from \$0.69 to \$0.92 per hour (\$3,737).</li> <li>▪ Grant revenue increased due to an increase in State Compensation Board reimbursements primarily due to the State’s five percent increase for state employees (\$49,632).</li> <li>▪ The County Board approved the use of an 88 percent vehicle assessment ratio due to address rising assessments and help fund the repeal of the \$33 motor vehicle license (formerly “decal”) fee.</li> <li>▪ <i>A technical adjustment was approved by the County Board in April 2023 to appropriate funding from Non-Departmental to Departments to allocate the budget for bonuses funded in the adopted budget. The funding added to the Commissioner of Revenue’s Office was \$102,271.</i></li> </ul>	
FY 2024	<ul style="list-style-type: none"> <li>▪ Added funding for job family studies in Administrative and Accounting/Financial Services (\$69,854).</li> <li>▪ Added one-time funding for \$2,000 (gross) employee bonuses (\$129,367).</li> <li>▪ Grant revenue increased due to an increase in State Compensation Board reimbursements primarily due to the State’s salary increase for state employees (\$38,400).</li> <li>▪ Reduced non-personnel budget for anticipated savings for various suppliers’ services (\$14,300) and from eliminating mailings to existing CAPP customers (\$41,784).</li> </ul>	