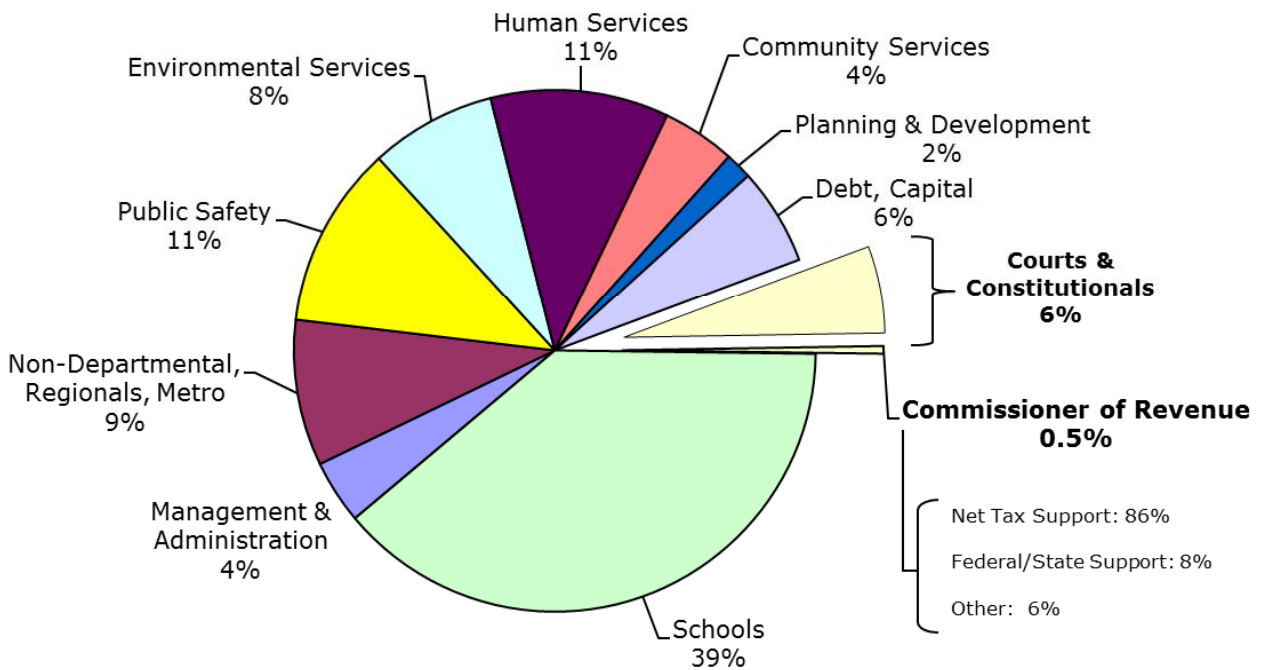


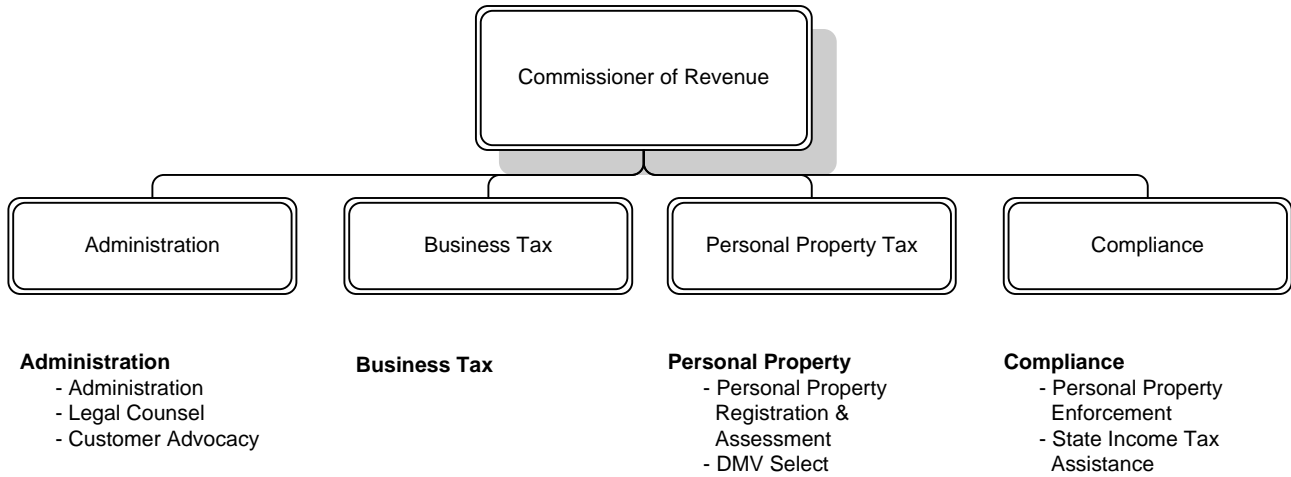
Our Mission: To provide Arlington County residents and businesses with high quality service in meeting their tax obligations.

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 2018 Proposed Budget - General Fund Expenditures



LINES OF BUSINESS



SIGNIFICANT BUDGET CHANGES

The FY 2018 proposed expenditure budget for the Commissioner of Revenue is \$5,809,383, a four percent increase from the FY 2017 adopted budget. The FY 2018 proposed budget reflects:

- ↑ Personnel increases due to the addition of a limited term Business Tax auditor position that is offset by an increase in tax audit revenue (\$95,091, 1.0 FTE), employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.
- ↑ Revenues increase due to additional revenue from the Department of Motor Vehicles for satellite office services provided by the Commissioner of Revenue (\$10,000) and a one-time State Compensation Board bonus as proposed in the Governor’s proposed budget (\$6,854), offset by a decrease in ongoing State Compensation Board reimbursements (\$12,319).

DEPARTMENT FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$5,026,337	\$5,210,020	\$5,446,540	5%
Non-Personnel	383,221	362,694	362,843	-
Total Expenditures	5,409,558	5,572,714	5,809,383	4%
Fees	341,454	310,000	320,000	3%
Grants	452,139	460,125	454,660	-1%
Total Revenues	793,593	770,125	774,660	1%
Net Tax Support	\$4,615,965	\$4,802,589	\$5,034,723	5%
Permanent FTEs	52.00	52.00	53.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	52.00	52.00	53.00	

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.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to employee salary increases, an increase in the County's cost for employee health insurance, and retirement contributions based on current actuarial projections.
- ↑ Revenues increase due to additional revenue from the Department of Motor Vehicles for satellite office services provided by the Commissioner of Revenue (\$10,000) and a one-time State Compensation Board bonus as proposed in the Governor's proposed budget (\$6,854), offset by a decrease in ongoing State Compensation Board reimbursements (\$12,319).
- All fee and grant revenues associated with the Office of the Commissioner of Revenue are budgeted in the Administration Division for ease of tracking. Tax revenues assessed and administered by the Office of Commissioner of Revenue are discussed in the revenue summary of the budget.

ADMINISTRATION

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$1,259,098	\$1,371,235	\$1,432,380	4%
Non-Personnel	81,066	76,724	75,307	-2%
Total Expenditures	1,340,164	1,447,959	1,507,687	4%
Fees	341,454	310,000	320,000	3%
Grants	452,139	460,125	454,660	-1%
Total Revenues	793,593	770,125	774,660	1%
Net Tax Support	\$546,571	\$677,834	\$733,027	8%
Permanent FTEs	11.00	11.00	11.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	11.00	11.00	11.00	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percent of customer requests fulfilled by established timeframes	75%	75%	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 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of customers served by Advocate	661	705	797	1,097	1,300	1,400

- The number of customers served by the Advocate increased in FY 2016 due to ongoing program outreach to businesses, homeowner associations, and service organizations. With continued improved internal processes and databases, including inter-division collaboration efforts, the number of customers served by the Advocate is expected to continue at a steady rate for FY 2017 and FY 2018.

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 a business tangible personal property tax on all furniture, fixtures, machinery, and tools used in Arlington County.
- Manages and administers an aggressive field canvass program to discover businesses that are conducting business in Arlington County without filing required tax returns.
- Provides exceptional customer service through improvements in training, technology, and by 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 related to the business license, business tangible, and custodial taxes of 200-240 businesses, and makes adjustments as needed.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to the addition of a limited term Business Tax auditor position that is offset by an increase in tax audit revenue (\$95,091, 1.0 FTE), employee salary increases, an increase in the County's cost for employee health insurance, and retirement contributions based on current actuarial projections.
- All fee and grant revenues associated with the Office of the Commissioner of Revenue are budgeted in the Administration Division for ease of tracking. Tax revenues assessed and administered by the Office of Commissioner of Revenue are discussed in the Revenue summary of the budget.

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$1,547,384	\$1,886,517	\$2,072,623	10%
Non-Personnel	140,024	132,523	136,921	-
Total Expenditures	1,687,408	2,019,040	2,209,544	9%
Total Revenues	-	-	-	-
Net Tax Support	\$1,687,408	\$2,019,040	\$2,209,544	9%
Permanent FTEs	19.00	19.00	20.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	19.00	19.00	20.00	

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Percent business license statutory assessments to total business license returns	5%	4%	4%	5%	5%	5%
Percent business tangible statutory assessments to total business tangible returns	12%	11%	11%	11%	11%	11%

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of business license tax returns processed	17,380	17,667	17,071	18,076	18,500	18,600
Number of business tangible tax returns processed	11,173	11,131	10,810	10,909	11,000	11,100
Number of custodial tax assessments	11,315	11,504	11,872	12,204	12,300	12,400
Number of days to respond to customer inquiries	1	1	1	1	1	1
Number of establishments assessed for meals tax	886	908	928	933	960	960

- When a business does not file an annual return with the County, a statutory assessment is made.
- The number of Business License and Business tangible tax returns processed decreased in FY 2015 as Real Estate agents (590) are no longer required to submit BPOL tax returns. The Real Estate brokers are instead charged with submitting the returns for their offices. The number of Business License and Business Tangible tax returns processed is expected to increase in FY 2017 and FY 2018 due in part to the field canvassing program which will have a direct effect on tax compliance. This will increase the number of business license and business tangible tax return accounts processed.
- The FY 2017 and FY 2018 increase in the number of establishments assessed for meals tax is partially driven by closing and opening of new restaurants. When one restaurant closes and another opens in its place within a fiscal year, it is counted as two restaurants that are assessed meals tax.

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.

SIGNIFICANT BUDGET CHANGES

- ↓ Personnel decreases due to staff turnover, partially offset by employee salary increases, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.
- All fee and grant revenues associated with the Office of the Commissioner of Revenue are budgeted in the Administration Division for ease of tracking. Tax revenues assessed and administered by the Office of Commissioner of Revenue are discussed in the revenue summary of the budget.

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$1,638,374	\$1,413,488	\$1,358,106	-4%
Non-Personnel	117,914	111,598	109,539	-2%
Total Expenditures	1,756,288	1,525,086	1,467,645	-4%
Total Revenues	-	-	-	-
Net Tax Support	\$1,756,288	\$1,525,086	\$1,467,645	-4%
Permanent FTEs	16.00	16.00	16.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	16.00	16.00	16.00	

PERSONAL PROPERTY

PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Call abandon rate	1.6%	2.0%	2.0%	4.0%	3.0%	3.0%
Number of discrete pieces of personal property assessed (vehicles, boats, etc.)	195,872	195,948	193,666	194,092	194,000	193,000
Percent of assessments in compliance with the Code of Virginia	100%	100%	100%	100%	100%	100%
Percent of e-mail inquiries resolved within a three-day timeframe	97%	96%	86%	90%	90%	90%
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	12%	16%	13%	13%	15%	15%
Total value of assessments (in billions)	\$1.52	\$1.59	\$1.57	\$1.59	\$1.59	\$1.58

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Number of e-mails received	10,321	12,704	16,531	13,036	10,000	10,000
Number of tax adjustments	23,685	25,194	24,328	25,250	27,000	26,000
Total calls received	34,983	36,261	33,889	34,916	32,000	32,000

- The call abandon rate increased slightly due in part to the adoption of a new call system.
- The percent of email inquiries resolved within a three-day timeframe increased slightly in FY 2016 due to personnel changes and increased email volume. Ongoing improvements in FY 2017 and FY 2018 with the Customer Assessment Payment Portal (CAPP) upgrades and process automation will alleviate the work load and make more staff available to handle emails during peak times.
- The total value of tax assessments increased slightly in FY 2016 and is expected to continue at this moderate pace in FY 2017, but may decrease in FY 2018 due to reduced new car sales.
- The number of emails received decreased in FY 2016 due to process improvement efficiencies, resulting in improved customer response time. With the full implementation of the self-service Customer Assessment Payment Portal, more customers have access to account information online; as a result, this decrease is expected to continue in FY 2017 and FY 2018.
- The number of tax adjustments rose slightly in FY 2016 due in large part to improved communication with customers with outstanding tax balances that should be relieved. This ongoing effort is expected to increase tax adjustments for FY 2017 and level off in FY 2018.

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.

SIGNIFICANT BUDGET CHANGES

- ↑ Personnel increases due to employee salary increases, turnover in staff, an increase in the County’s cost for employee health insurance, and retirement contributions based on current actuarial projections.
- All fee and grant revenues associated with the Office of the Commissioner of Revenue are budgeted in the Administration Division for ease of tracking. Tax revenues assessed and administered by the Office of Commissioner of Revenue are discussed in the revenue summary of the budget.

PROGRAM FINANCIAL SUMMARY

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Personnel	\$581,481	\$538,780	\$583,431	8%
Non-Personnel	44,217	41,849	41,077	-2%
Total Expenditures	625,698	580,629	624,508	8%
Total Revenues	-	-	-	-
Net Tax Support	\$625,698	\$580,629	\$624,508	8%
Permanent FTEs	6.00	6.00	6.00	
Temporary FTEs	-	-	-	
Total Authorized FTEs	6.00	6.00	6.00	

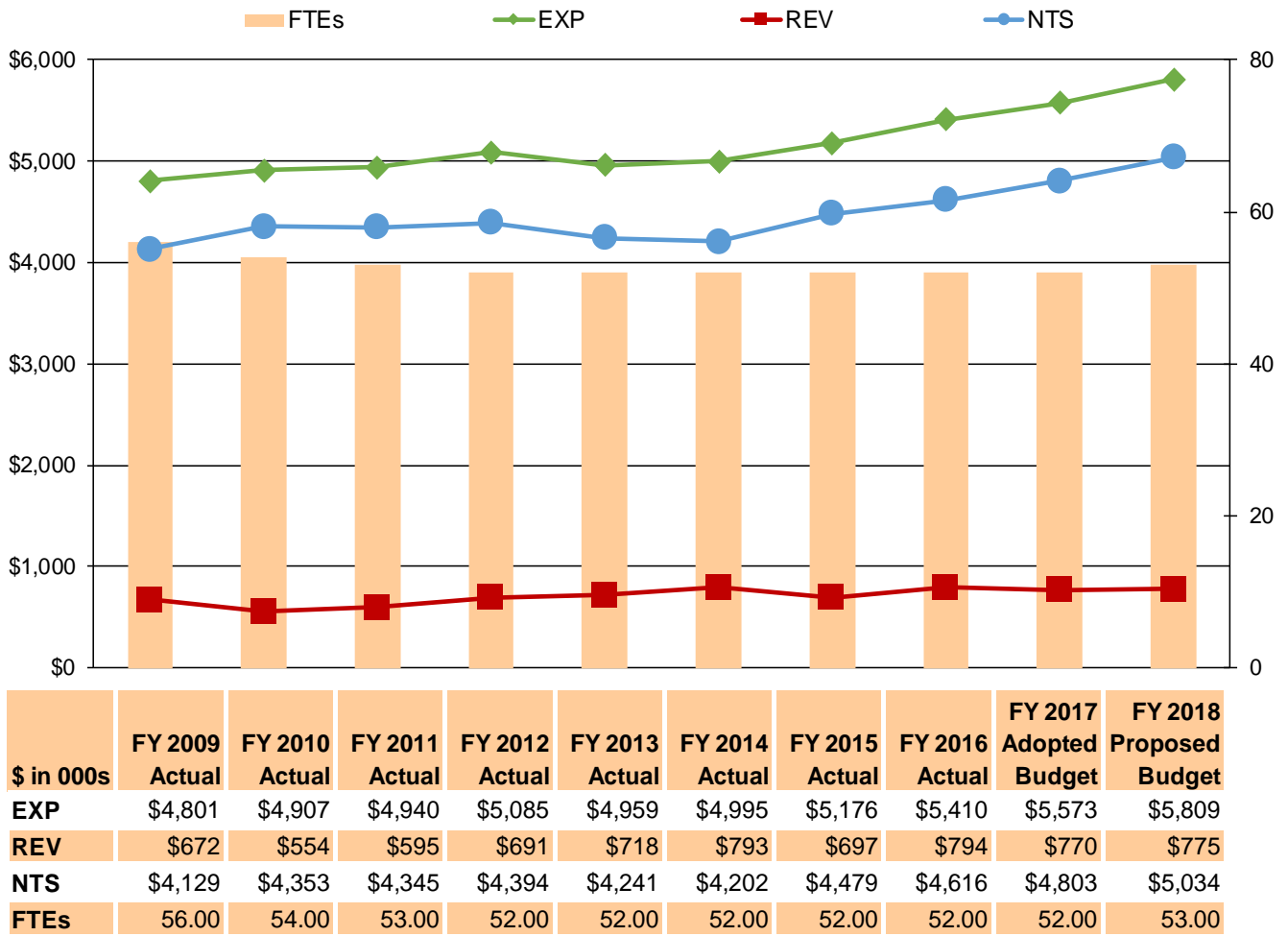
PERFORMANCE MEASURES

Critical Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Value of Personal Property assessments by Enforcement Program (in millions)	\$1.97	\$1.72	\$1.63	\$2.15	\$2.25	\$2.35

Supporting Measures	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Enforcement Program letters sent	11,703	12,875	14,855	15,213	15,500	15,750
Summonses issued	1,315	944	1,037	959	1,000	1,000

- The value of assessments increased in FY 2016 due to the increase in field visits by the enforcement team including registration checkpoints and visits based on anonymous tip surveillance. This upward trend is expected to continue in FY 2017 and FY 2018.

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



Fiscal Year	Description	FTEs
FY 2009	<ul style="list-style-type: none"> ▪ No significant changes. 	
FY 2010	<ul style="list-style-type: none"> ▪ Eliminated an Assistant Deputy Commissioner of Revenue position (1.0 FTE, \$119,609) and a Word Processing Operator I position (1.0 FTE, \$64,852). ▪ Funding added for a one-time lump-sum payment of \$500 for employees (\$30,980). 	(2.0)
FY 2011	<ul style="list-style-type: none"> ▪ Eliminated a Tax Assessor position (1.0 FTE, \$71,174). ▪ Funding reduced for travel (\$925), public outreach (\$3,000), repair of equipment (\$700), employee training (\$2,200), telephones (\$90) and gasoline (\$243). ▪ Decreased personnel expenses (\$2,842) in anticipation of higher staff turnover. 	(1.0)
FY 2012	<ul style="list-style-type: none"> ▪ Eliminated an Information System Analyst III position (1.0 FTE, \$120,483). ▪ Small decrease in non-personnel expenses due to the adjustments to the annual expense for the maintenance and replacement of County vehicles (\$663). 	(1.0)
FY 2013	<ul style="list-style-type: none"> ▪ Fee revenue increased (\$25,000) to more closely align with previous years' actual revenue for out-of-state license plate fees for vehicles garaged in the County. 	
FY 2014	<ul style="list-style-type: none"> ▪ Fee revenue increased (\$15,000) to more closely align with previous years' actual revenue for various service fees. ▪ Grant revenues increased due to a partial restoration of cuts in local aid from the State (\$18,300) and an increase in State Compensation Board reimbursements (\$12,699). ▪ Hold Assistant Deputy of Business Tax position vacant for six months (\$59,971). 	
FY 2015	<ul style="list-style-type: none"> ▪ Fee revenue increased (\$80,000) to more closely align with previous years' actual revenue for out-of-state license plate fees for vehicles garaged in the County. ▪ Grant revenues decrease to realign State Compensation Board reimbursements with actual levels (\$1,647). 	
FY 2016	<ul style="list-style-type: none"> ▪ Fee revenues increase 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. ▪ Grant revenues increase due to an increase in State Compensation Board reimbursements (\$22,350). 	

Fiscal Year	Description	FTEs
FY 2017	<ul style="list-style-type: none">▪ Fee revenue increases due to increased revenue from the Department of Motor Vehicles for satellite office services provided by the Commissioner of Revenue (\$15,000).▪ Grant revenue increases due to an increase in State Compensation Board reimbursements (\$3,423).	