

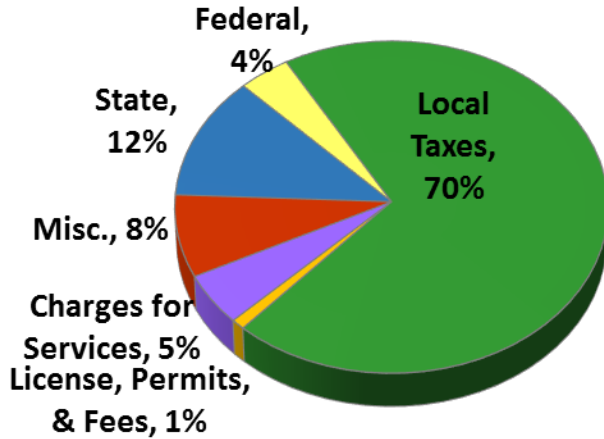
# Revenue Overview

## FY 2018 Proposed Budget

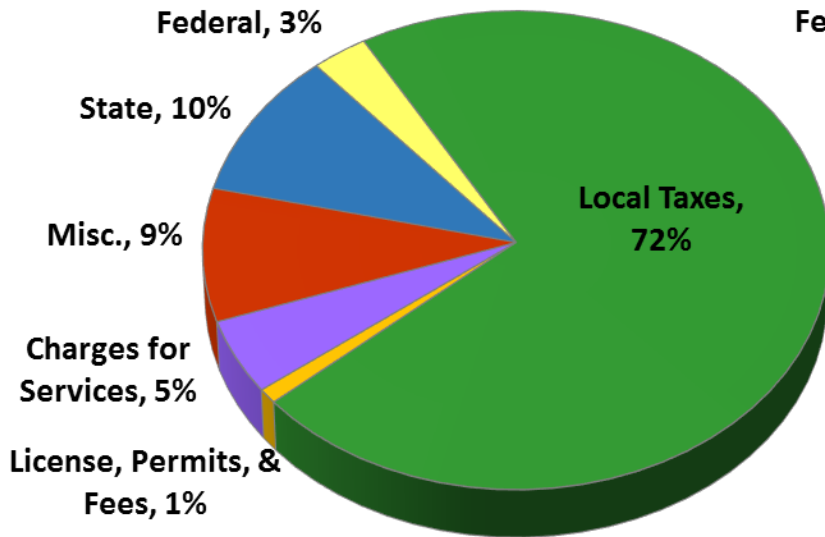
County Board Work Session – March 2, 2017

# General Fund Revenue by Source

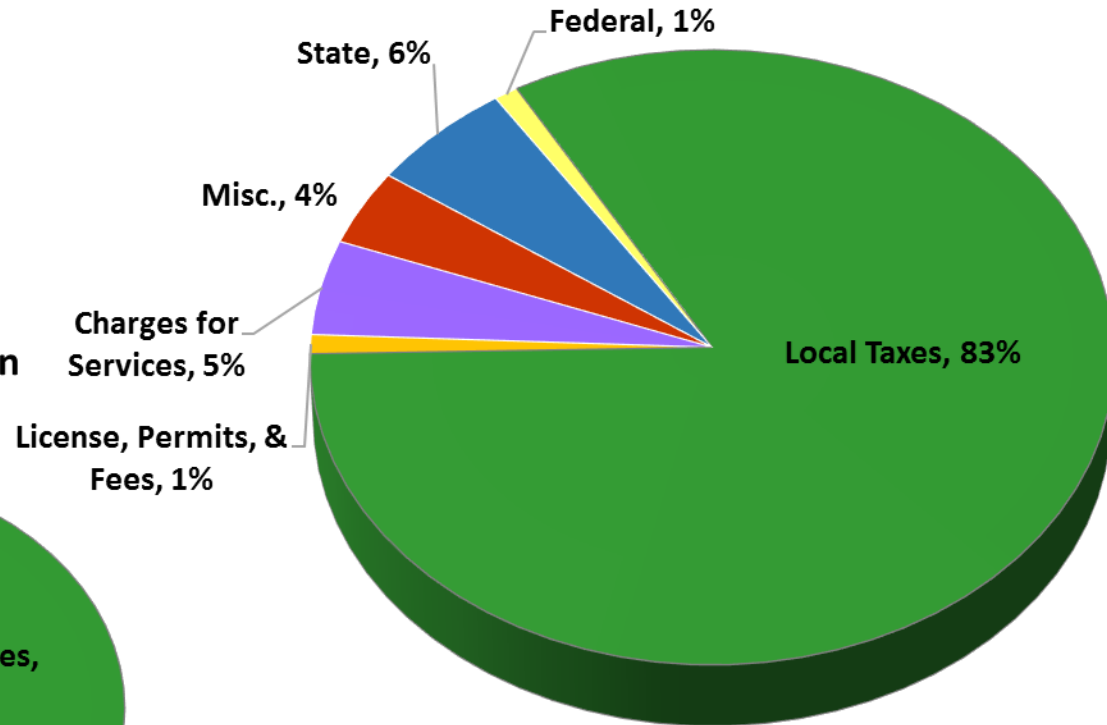
**FY 1985: \$205.2 million**



**FY 2000: \$502.3 million**

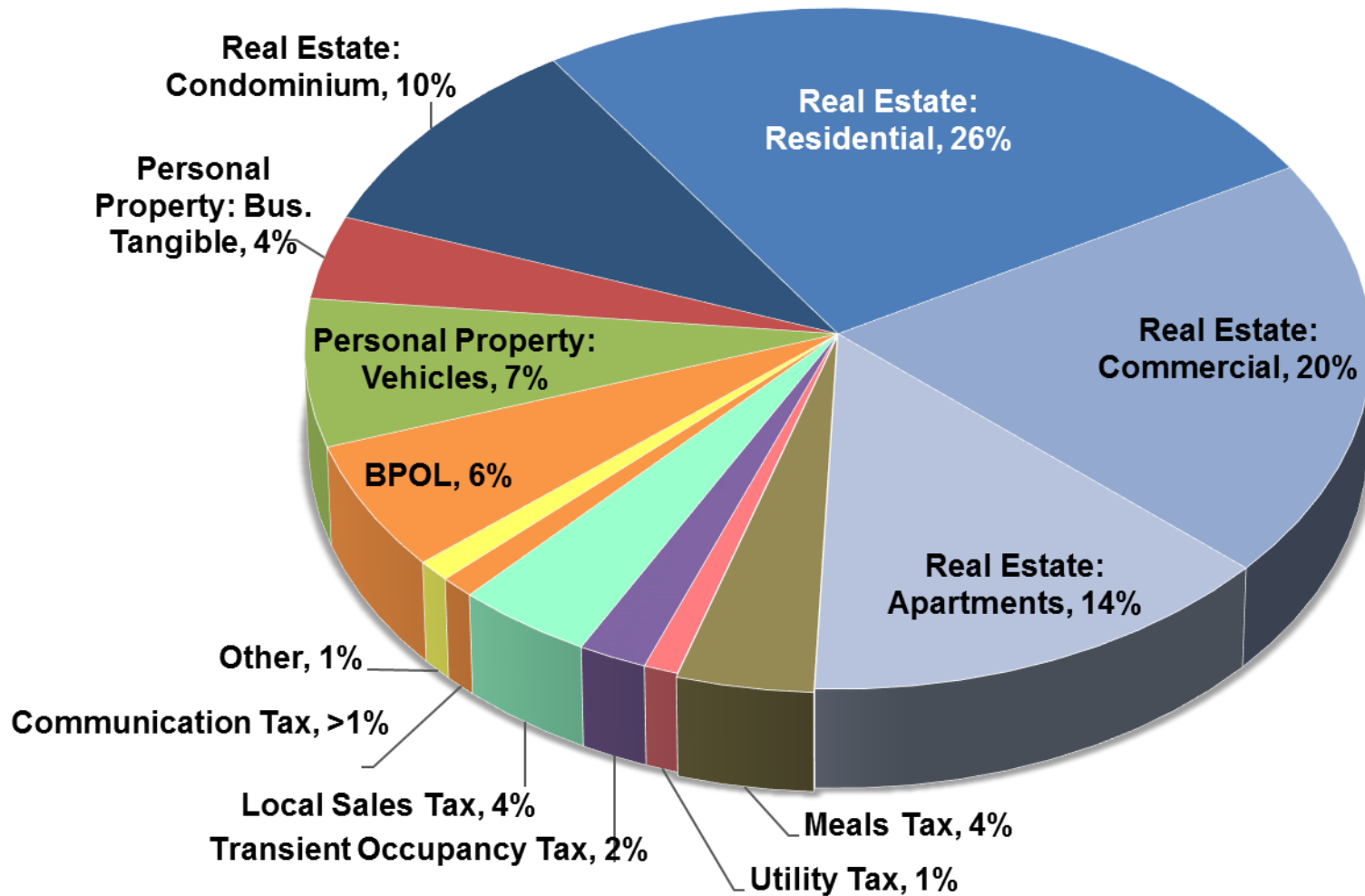


**FY 2018 Proposed: \$1,238.3 million**



# Local Tax Revenue by Source

(General Fund)



# FY 2017 to FY 2018 Proposed Revenue Changes

<b>Revenue Source</b>	<b>FY 2017 Adopted (millions)</b>	<b>FY 2018 one-cent (millions)</b>	<b>% Change</b>	<b>FY 2018 two-cents (millions)</b>	<b>% Change</b>
Real Estate (existing rate: \$0.978)	\$687.2	\$710.5	3.4%	\$717.9	4.5%
Personal Property	112.1	115.5	3.0%	115.5	3.0%
Business License	57.0	63.1	10.6%	63.1	10.6%
Sales	40.2	42.0	4.5%	42.0	4.5%
Meals	38.5	39.9	3.6%	39.9	3.6%
Transient Occupancy	25.0	25.5	1.8%	25.5	1.8%
Other Taxes	37.1	37.4	1.0%	37.4	1.0%
<b>Total Taxes</b>	<b>\$997.0</b>	<b>\$1,033.8</b>	<b>3.7%</b>	<b>\$1,041.2</b>	<b>4.4%</b>
License, Permits, & Fees	10.2	10.8	5.4%	10.8	5.4%
Charges for Services	56.4	58.7	4.1%	58.7	4.1%
State	72.9	73.1	0.4%	73.1	0.4%
Federal	14.5	15.2	5.0%	15.2	5.0%

*Total tax numbers may not add due to rounding.*

- Tax Rates

- Real Estate Tax Rate

- Proposed budget includes the base tax rate of \$0.988/\$100 of assessed value (metro only)
    - The advertised base tax rate is \$0.998 – a \$0.02 increase over CY 2016

- No Change Recommended

- Stormwater Tax Rate – \$0.013/\$100 (of assessed value)
      - Commercial Transportation Tax Rate – \$0.125/\$100
      - Personal Property & Business Tangible Tax – \$5.00/\$100
      - Business License Tax Rates – no changes to various rates
      - Business Improvement Districts – proposed budget assumes flat tax rates for all BIDs

- Fees

- Household Solid Waste Rate – Proposed increase of \$6.88 from \$307.28 to \$314.16/year
- Solid waste fee changes – commercial hauling fee, mulch delivery, damaged cart fees
- New Accessory Homestay Permit Fee of \$60
- Fire Permit fee adjustments
- Police patrol camp & second hand license fee increases
- Human Services fees related to substance abuse & medication administration
- Parks & Recreation fee adjustments

# Tax & Fee Burden on Average Household

	CY 2014	CY 2015	CY 2016	CY 2017 at \$0.991	Percent Change '16 to '17	CY 2017 Plus 1 penny	Percent Change '16 to '17 plus 1 penny	CY 2017 Plus 2 pennies	Percent Change '16 to '17 plus 2 pennies
Real Estate Tax (includes sanitary district tax)	\$5,505	\$5,848	\$5,981	\$6,116	2%	\$6,178	3%	\$6,240	4%
Personal Property (taxpayer share only)*	918	908	950	968	2%	968		968	
Annual Decal Fee*	66	66	66	66	0%	66		66	
Refuse Fee**	271	271	307	314	2%	314		314	
Water / Sewer Service**	913	929	929	953	3%	953		953	
Residential Utility Tax**	72	72	72	72	0%	72		72	
<b>Total</b>	<b>\$7,745</b>	<b>\$8,094</b>	<b>\$8,305</b>	<b>\$8,489</b>	<b>2%</b>	<b>\$8,551</b>	<b>3%</b>	<b>\$8,613</b>	<b>4%</b>
<b>Increase in Tax &amp; Fee Burden</b>		<b>\$349</b>	<b>\$212</b>	<b>\$184</b>		<b>\$246</b>		<b>\$308</b>	

\* Assumes two conventional vehicles per household, the approximate average number of vehicles owned per Arlington household. The personal property tax figures reflect the PPTRA subsidy for personal property tax relief. For CY 2017, it is projected that 28% of vehicle value between \$3,000 and \$20,000 will be exempt from taxation; values below \$3,000 are 100% exempt.

\*\* Reflects the next fiscal year. Water/sewer rate reflects 70 thousand gallons of water consumption. Residential utility tax assumptions are based on the ceiling tax rates.

- Other Funds

- Development Fund: New Accessory Homestay permit fee (\$60)
- Water/Sewer rates increase \$0.35 per thousand gallons to \$13.62/thousand gallons for an annual increase of \$24.50 to \$953.40/year

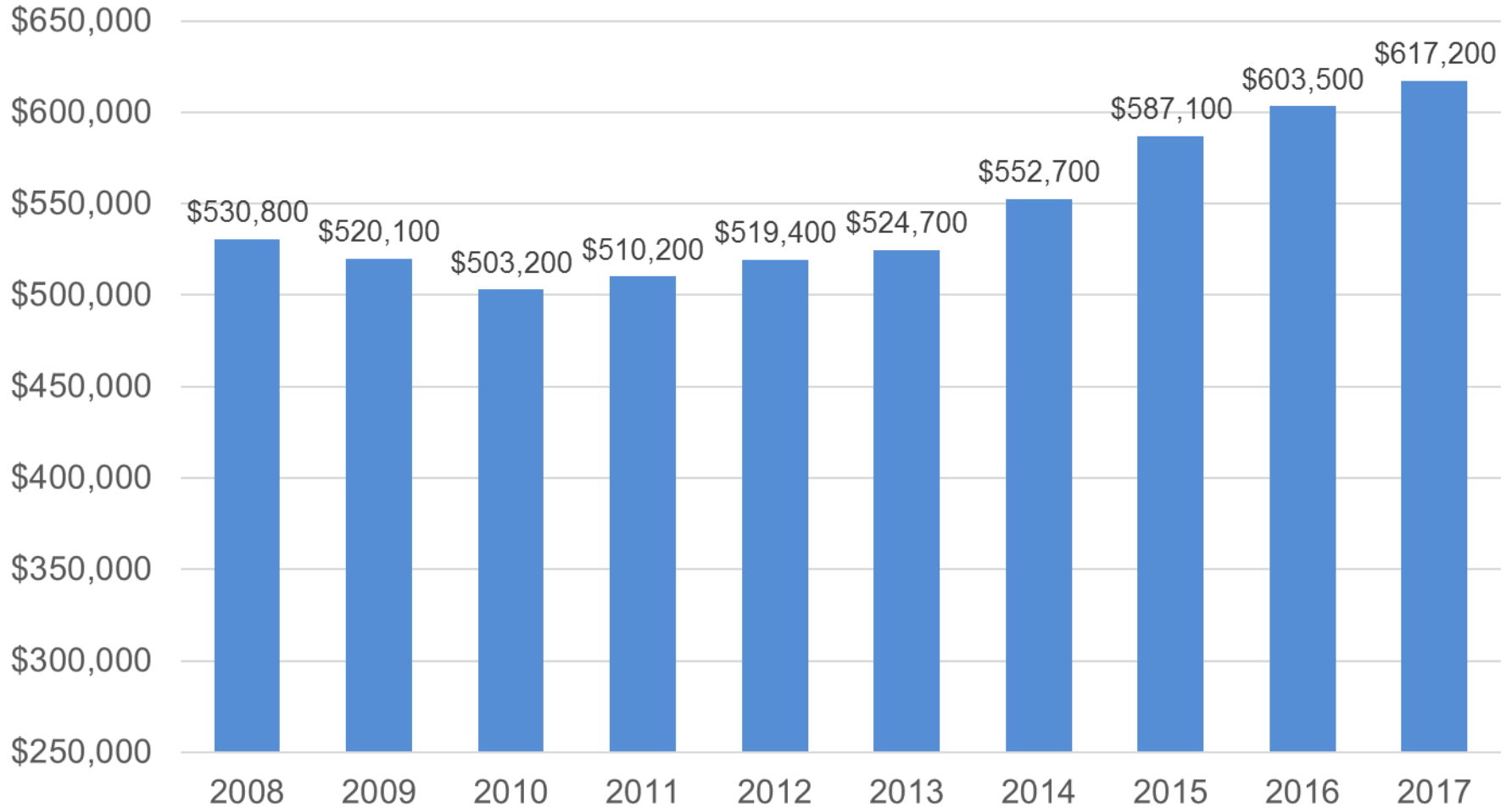


# Real Estate Assessment Information

- Background:
  - Largest revenue source: FY 2018 proposed totals \$710.5 million at \$0.988 rate
  - Paid by owners of residential and commercial properties
  - Reassess properties annually
  - Residential based on fair market value including factors such as sales price of similar properties
  - Most commercial assessments based on how much income the property would produce if it were rented
  - Split between commercial and residential properties has been about 50/50; any change to this split shifts the tax burden
  - Revenue growth is dependent on assessment growth, new construction, and the tax rate
- Legal limitations:
  - Localities control the level of the real estate tax rate
  - Legally required to have a unified tax rate; cannot have differentiated rates for different property types without state authorization

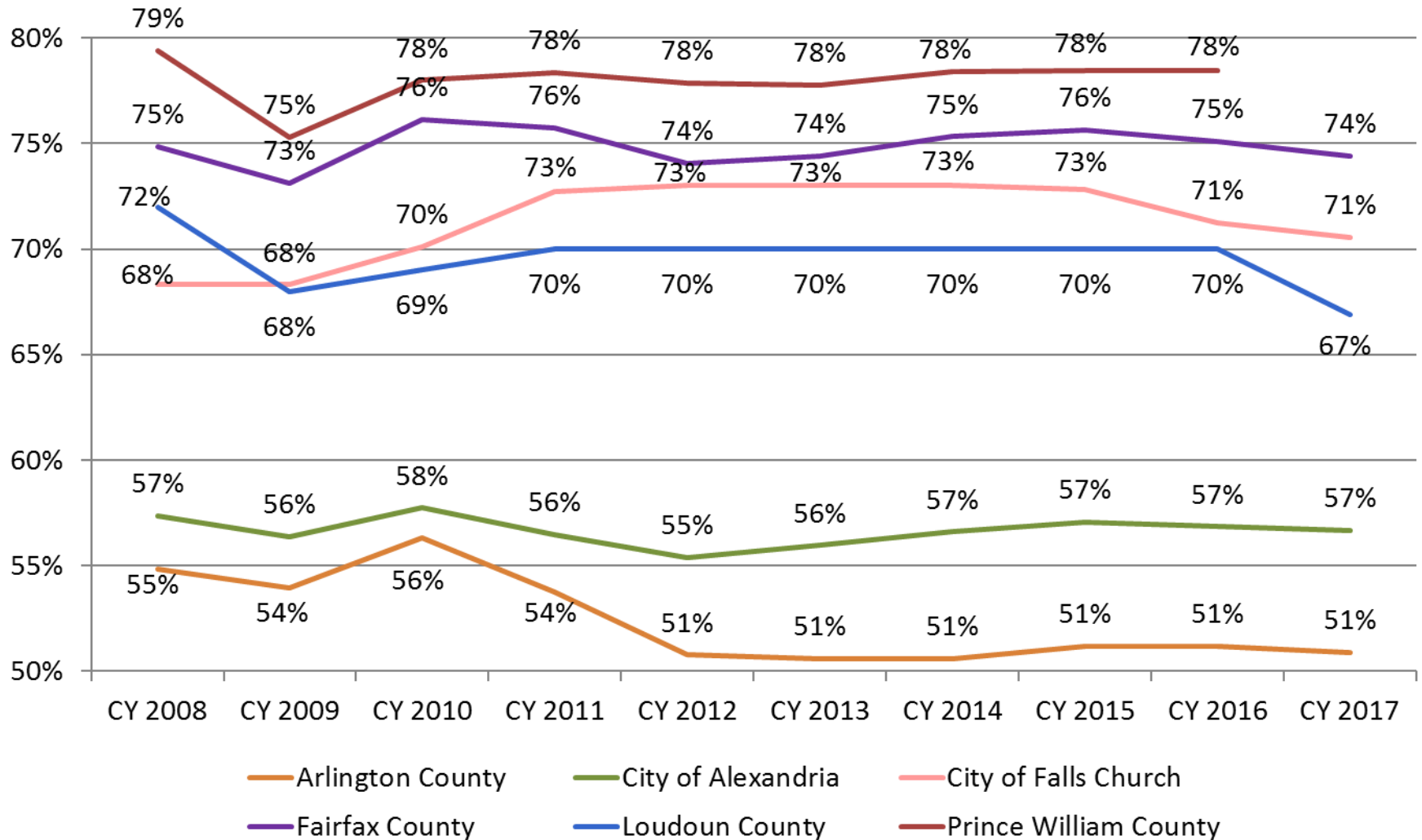
# Average Single Family Home Assessment

CY 2008 - CY 2017



# Real Estate Impact on Homeowner Regionally

Residential assessments as a percentage of total tax base



# Who Pays Real Estate Taxes?

CY 2017 Assessments = \$73,431 million

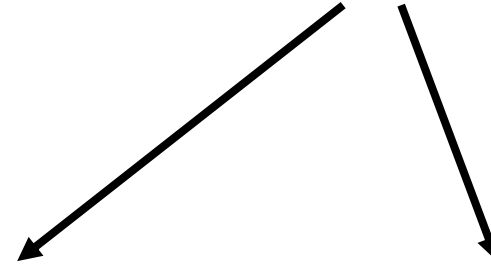
Residential = 50.9%



Houses/  
Townhouses:  
37.3%

Condos:  
13.6%

Commercial = 49.1%



Apartments:  
20.6%

Office: 19.5%

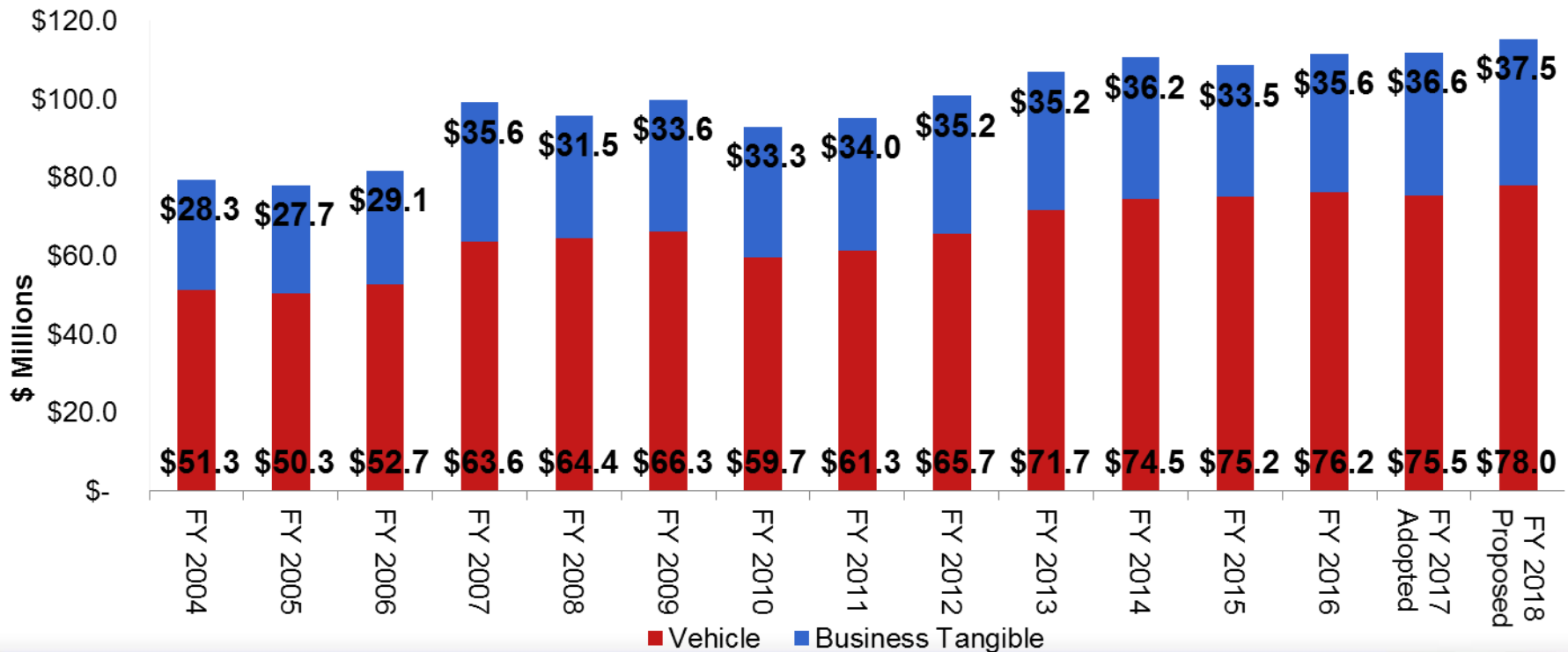
General  
Commercial: 5.8%

Hotels: 3.2%

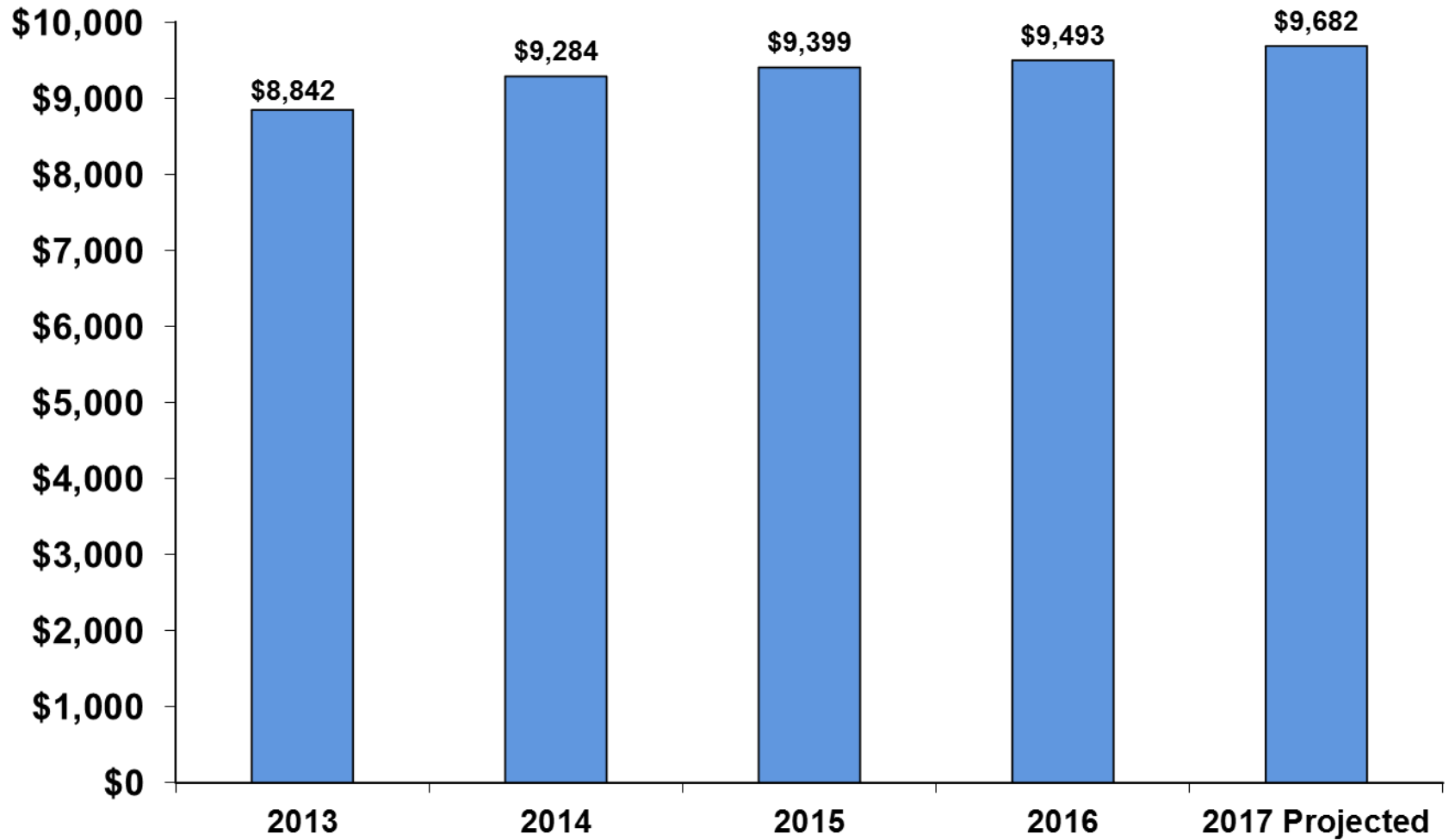
# Other Taxes

# Personal Property Tax Revenue

- Background:
  - Second largest tax at \$115.5 million in FY 2018 Proposed Budget
  - Levied on tangible property of individuals (vehicles) and businesses (machines, furniture, equipment, fixtures, & tools)
  - Business Tangibles influenced by vacancy rates & reinvestment by businesses
- Legal limitations:
  - State does not limit the rates but Business Tangibles rate cannot exceed vehicle rate



# Average Vehicle Value





## Proposed Formula for Allocation of State Relief Monies

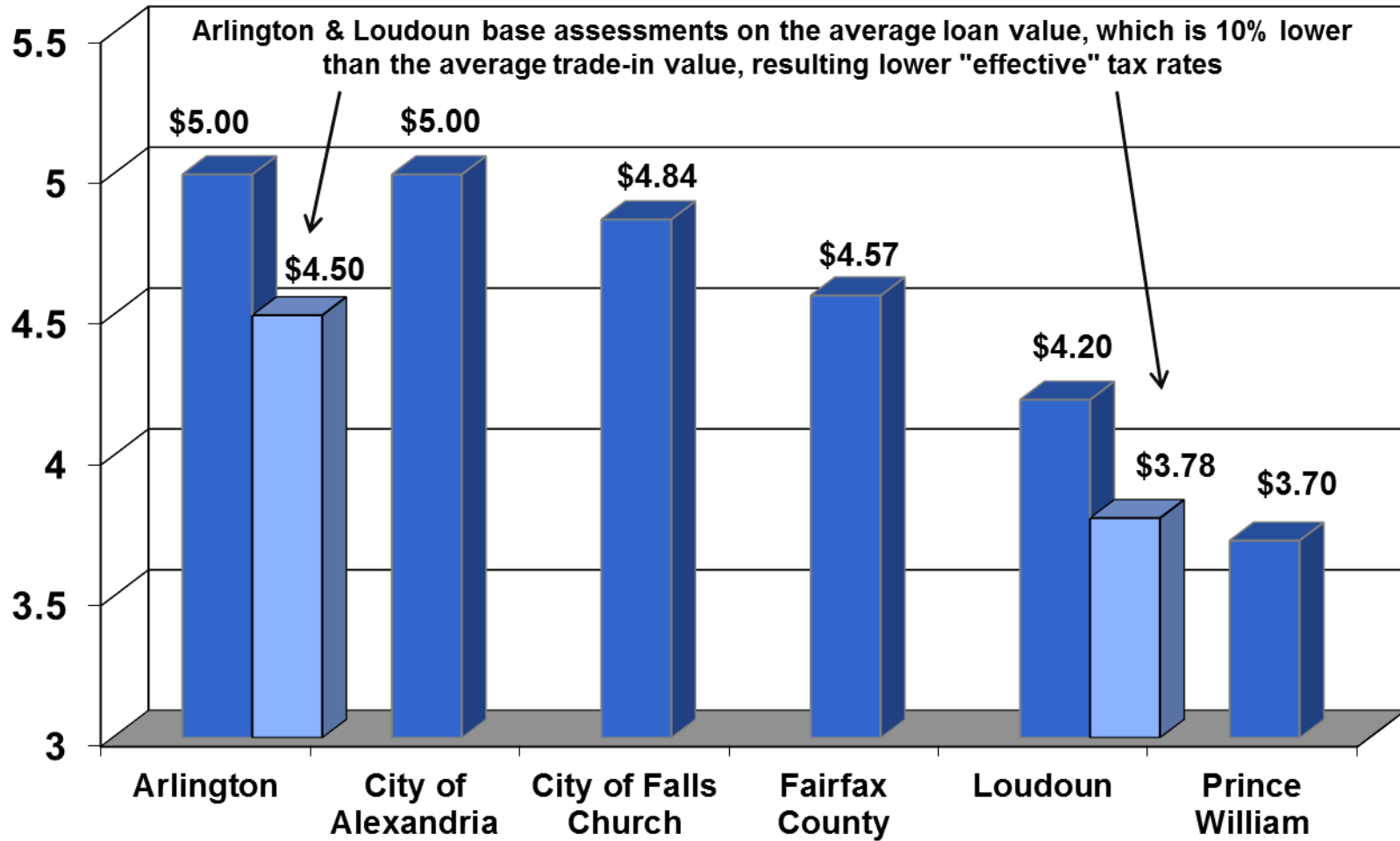
### Clean fuel vehicles & Vehicles Equipped to Transport the Physically Disabled

- 100% exemption on first \$3,000 of value
- 50% exemption on value from \$3,001 – \$20,000
- No exemption on value over \$20,000
- Less than 50 qualified vehicles to transport the physically disabled and over 5,700 clean fuel vehicles in CY 2016

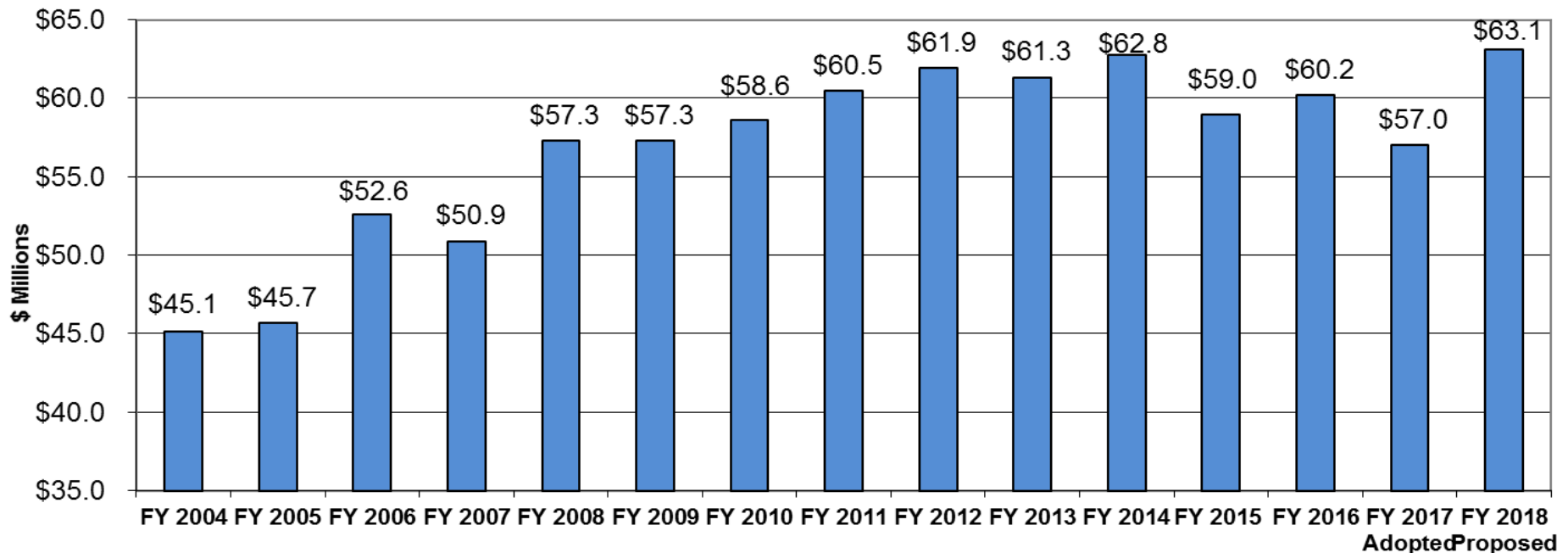
### Conventional fuel vehicles

- 100% exemption on first \$3,000 of value
- Balance of remaining subsidy provided to conventional fuel value from \$3,001 to \$20,000
- Current assumption is that 28% exemption will be available for this portion of vehicle value
- Over 152,100 conventional fuel vehicles in CY 2016

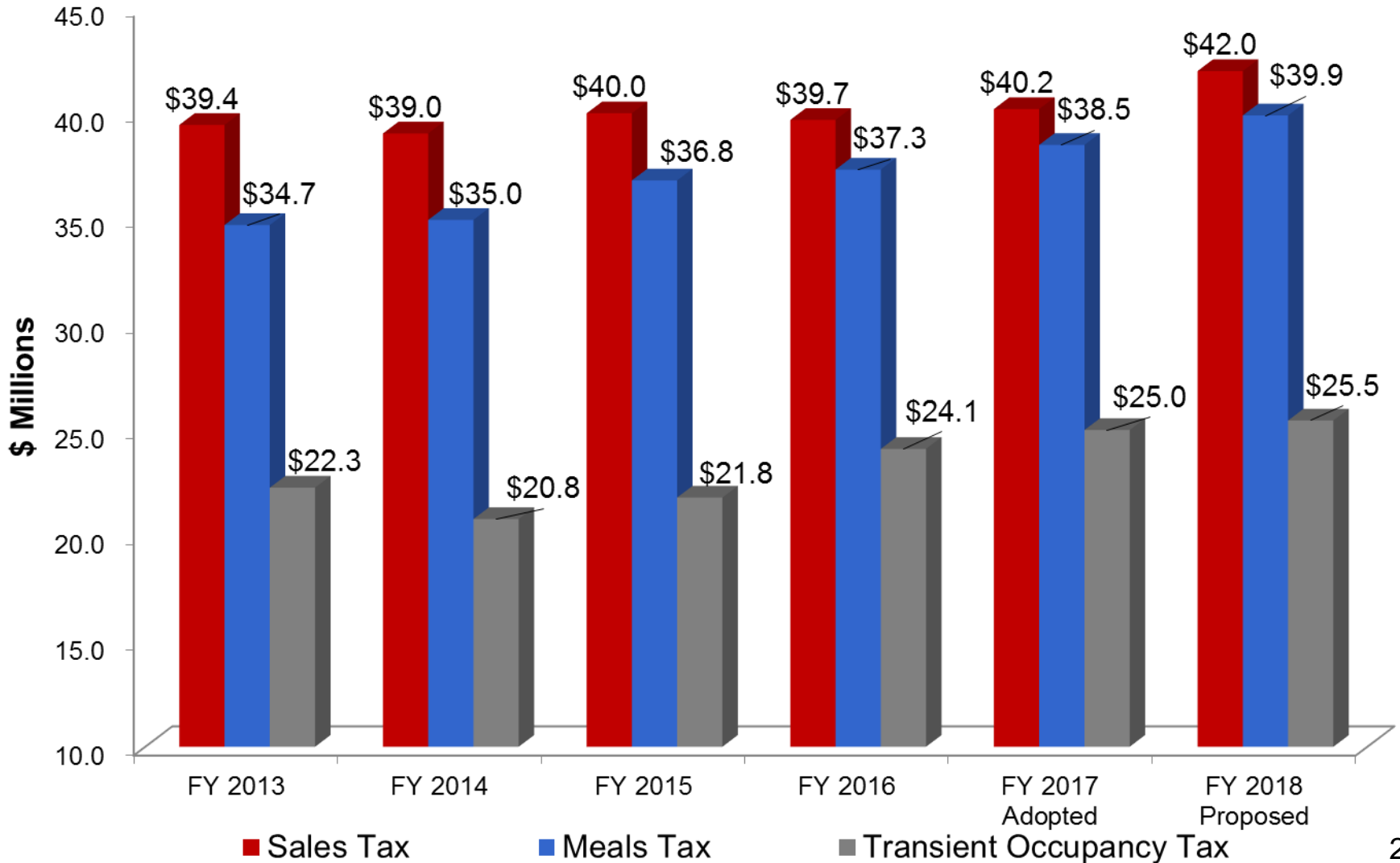
# Regional Personal Property Tax Rates



- Background:
  - Businesses' gross receipts are taxed at various rates
  - Largest source is Professional Services at over 50% of total
  - Very few states have a business gross receipts tax
  - Higher rates limit economic competitiveness
- Legal limitations:
  - State has set maximum rates
  - Arlington rates are lower than the maximums



# Sales, Meals, & Transient Occupancy Taxes



# Other Tax Revenue

<b>Revenue Source</b>	<b>FY 2017 Adopted (\$ millions)</b>	<b>FY 2018 Proposed (\$ millions)</b>	<b>\$ Change (millions)</b>	<b>% Change</b>
Utility Tax	\$11.95	\$12.00	\$0.05	0.4%
Communications Tax	\$7.50	\$7.10	(\$0.40)	(5.3%)
Recordation Tax	\$5.00	\$5.30	\$0.30	6.0%
Car Rental Tax	\$6.00	\$6.50	\$0.50	8.3%
Cigarette Tax	\$2.50	\$2.25	(\$0.25)	(10.0%)

# Non-Tax Revenue

- Summary of Taxes & Fees – posted in the budget online
- Updated as a part of budget preparation
- Annual review of fees with each department
- [Link](#)

# Non-Tax Revenue

- **Charges for services** (up \$2.3 million / 4.1%)
  - Increased revenue from household solid waste rate (\$307.28 to \$314.16)
  - Increased parking meter revenue
  - Recreation program fee revenue
- **Fines, Interest, Rents** (up \$4.6 million / 29.8%)
  - Adjustment to interest
  - Increased lease revenue
  - Decreased parking ticket revenue
- **Licenses, Permits, Fees** (Up \$0.5 million / 5.4%)
  - Adjustment to right of way & Fire systems testing fee revenues



- State revenue up from FY 2017 adopted (\$0.3 million / 0.4%)
  - Highway, transit, & commuter assistance up
  - Prisoner expense reimbursement up
  - CSA revenue reduction due to technical adjustment to bring budget in line with actual reimbursements
- General Assembly Action – session ended February 25; reconvened session April 5
- Adjustments to FY 2018 estimates will be recommended by the County Manager at 3rd Quarter Review
- Federal revenue up 5.0% (\$0.7 million) primarily due to increased social service revenue

# Comparison to Other Jurisdictions

# Regional Tax Advertisements

	<b>CY 2016 Tax Rates</b>	<b>Residential Assessment Change 2016-2017</b>	<b>Total Assessment Base Change</b>	<b>CY 2017 Tax Rates Proposed</b>
<b>Arlington County</b>	\$0.978 – base adopted \$0.013 -stormwater  \$0.125 - commercial only	2.5%	3.0%	\$0.998 – County Manager’s proposed base rate & County Board’s advertised rate \$0.013 -stormwater  \$0.125 - commercial only
<b>City of Alexandria</b>	\$1.073- base adopted	1.7%	2.1%	\$1.10 – City Manager’s proposed base rate; advertises March 14
<b>City of Falls Church</b>	\$1.315 – adopted	2.6%	3.6%	Proposes March 13
<b>Fairfax County</b>	\$1.130 - base adopted \$0.0275- stormwater \$0.001- pest control \$0.015- leaf collection  \$0.125- commercial	0.68%	1.9%	\$1.130 – County Executive’s proposed base rate & Board of Supervisor’s advertised rate \$0.0300- stormwater \$0.001- pest control \$0.013- leaf collection \$0.125- commercial
<b>City of Fairfax</b>	\$1.0620 base adopted includes \$0.0225 dedicated to stormwater  \$0.095- commercial	1.5%	1.0%	\$1.0645 – City Manager’s proposed rate, including \$0.025 dedicated to stormwater \$0.105 - commercial
<b>Prince William County</b>	\$1.122 – base adopted \$0.0705 – fire \$0.0025 – mosquito & pest			\$1.125 – County Executive’s proposed base rate \$0.0792 – fire
<b>Loudoun County</b>	\$1.145 - adopted	3.5%	4.6%	\$1.135 – County Administrator’s proposed base rate \$1.140 – Board of Supervisor’s advertised rate

# Jurisdiction Tax Rate Comparison

